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ENERGY CONSERVATION WITHIN THE FEDERAL
GOVERNMENT: THE DEPARTMENT OF ENERGY'S ROLE

GOVERNMENT

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON

GOVERNMENT OPERATIONS

HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION

APRIL 24 AND 25, 1979

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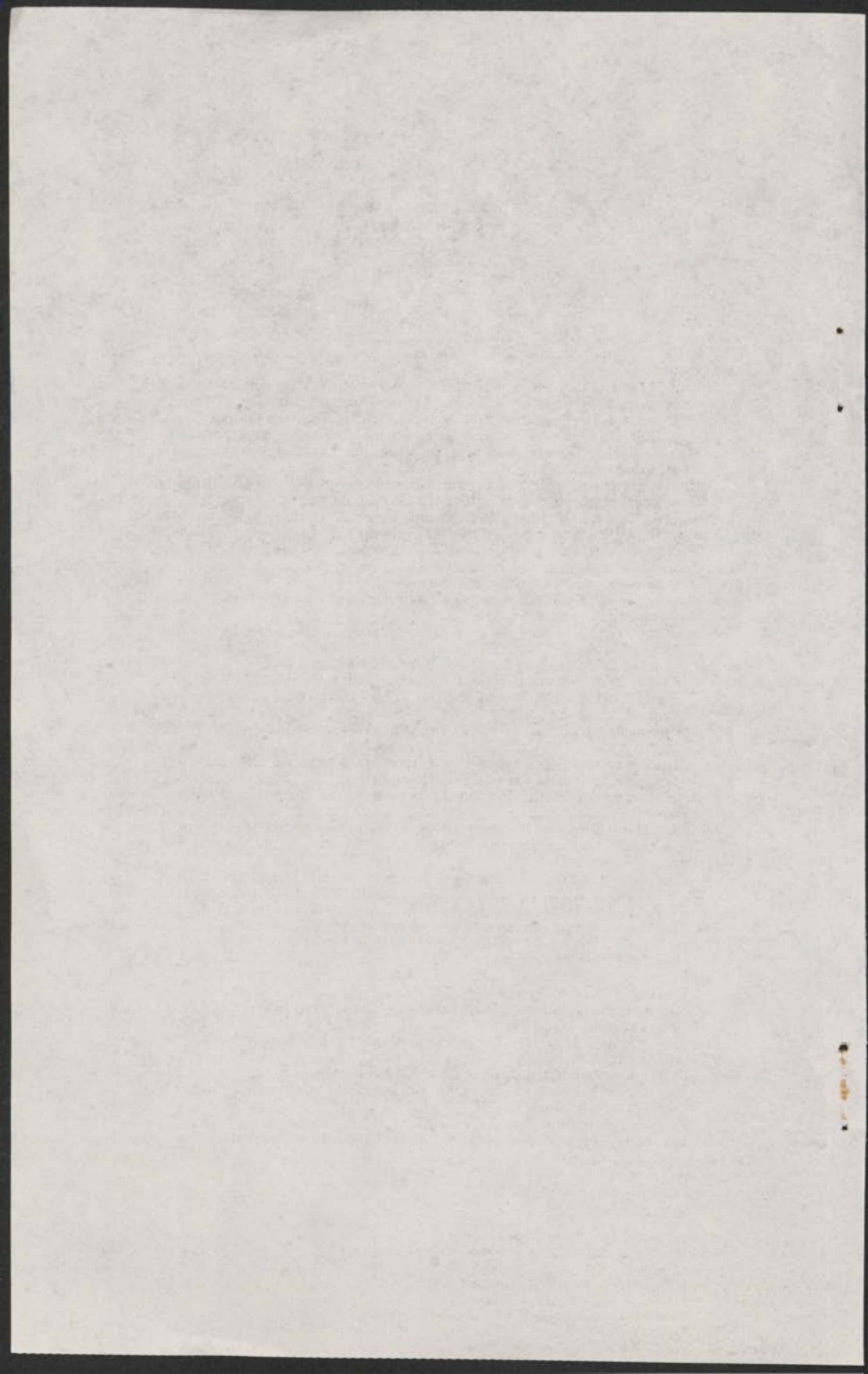
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ENERGY CONSERVATION WITHIN THE FEDERAL GOVERNMENT: THE DEPARTMENT OF ENERGY'S ROLE

TUESDAY, APRIL 24, 1979

HOUSE OF REPRESENTATIVES,
ENVIRONMENT, ENERGY,
AND NATURAL RESOURCES SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2203, Rayburn House Office Building, Hon. Toby Moffett (chairman of the subcommittee) presiding.

Present: Representatives Toby Moffett, Robert F. Drinan, Peter H. Kostmayer, Arlan Stangeland, and Joel Deckard.

Also present: John R. Galloway, staff director; Pam Morrisette, office manager; and Catherine Sands, minority professional staff, Committee on Government Operations.

Mr. MOFFETT. The subcommittee will come to order.

The Chair would like to note that today's hearing is the subcommittee's first hearing of the 96th Congress. As the newly elected chairman, I would like to thank my colleagues for the opportunity to serve as chairman.

Conservation has been proclaimed by President Carter to be the cornerstone of our Nation's energy policy. It is altogether appropriate, therefore, that we begin the public work of this subcommittee with an examination of the Department of Energy's record to date in seeking to conserve energy throughout the Federal Government, a responsibility that has been specifically assigned to the Department of Energy in three separate pieces of legislation and by President Carter himself in a 1977 Executive order.

The Federal Government must conserve energy for two reasons. The first is the enormity of the Government's energy appetite. The Federal Government is responsible for between 2 and 3 percent of the Nation's energy use and is the largest single consumer of energy in the United States. Put another way, the amount of energy used by the Federal Government in 1 year would be sufficient to heat 11 million homes and fuel all the automobiles registered in California and New York for an entire year.

But more importantly, energy conservation within the Federal Government provides both the administration and the Department of Energy with an opportunity to demonstrate to the Nation at large specific means of conserving energy in the industrial, commercial, and private sectors while demonstrating the depths of the Government's commitment to energy conservation.

Today's hearing follows a series of reports by the General Accounting Office and an indepth review by this subcommittee which raise serious questions concerning the Department of Energy's commitment to Government energy conservation.

Witnesses at today's session will include representatives of the General Accounting Office and persons from the Department of Energy's Federal energy management program—commonly referred to as FEMP.

Tomorrow, we will receive testimony from Dale D. Myers, Under Secretary, Department of Energy. As Under Secretary, Mr. Myers, under the Department of Energy Organization Act, is assigned primary responsibility for energy conservation throughout the Department of Energy.

Before calling on our first witness, the Chair would call upon the gentleman from Massachusetts, Mr. Drinan, for any statement he would like to make at this time.

Mr. DRINAN. Thank you, Mr. Chairman.

I want to congratulate the chairman for taking up this particular topic. I think it is urgently important that we investigate what the Federal Government has done to implement the Energy Policy and Conservation Act. We put that bill through on December 22, 1975, and I regret to say, as the witnesses are going to bring out, that 3 years later the Federal Government still has no approved 10-year plan for energy conservation in its buildings and facilities in defiance of that particular law.

I commend the GAO and the witnesses that are to present testimony here today. I hope that I am not called away to a meeting of the full Judiciary Committee. I think this is a very important start for this committee that Mr. Moffett will ably Chair.

Thank you very much.

Mr. MOFFETT. I thank the gentleman for those remarks.

Does the gentleman from Minnesota wish to make any opening statement?

Mr. STANGELAND. No, thank you, Mr. Chairman.

Mr. MOFFETT. Has the gentleman from Indiana any opening statement?

Mr. DECKARD. No, thank you, Mr. Chairman.

Mr. MOFFETT. Then the Chair will call our first witness, Mr. J. Dexter Peach.

Mr. Peach, would you please rise and identify yourself for the record, and the Chair will swear you in?

STATEMENT OF J. DEXTER PEACH, DIRECTOR, ENERGY AND MINERALS DIVISION, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY BILL OELKERS, ASSISTANT DIRECTOR; ROBERT WELKER, SUPERVISORY AUDITOR; AND JEFF JACOBSON, ATTORNEY, OFFICE OF THE GENERAL COUNSEL

Mr. PEACH. I am J. Dexter Peach, Director of the Energy and Minerals Division of the General Accounting Office.

Mr. MOFFETT. I want to point out that it will be a practice of the subcommittee to routinely ask all witnesses to take an oath to avoid stigmatizing witnesses who might be required to take the oath on a selective basis. I want you to understand that we do it in that light.

Please raise your right hand. Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. PEACH. I do.

Mr. MOFFETT. Please be seated.

Mr. Peach, we have your testimony. It is certainly lengthy. I have read it. I would give you the option of either paraphrasing it or reading it. If you would like to paraphrase it, we will submit your entire statement for the record.

Mr. PEACH. Mr. Chairman, I will try to go through and highlight my statement for you. In highlighting it, there is so much, in terms of points that need to be made about this program and that need to be understood in terms of the lack of implementation that has taken place to date in the Department of Energy. I apologize if it seems to be a little bit more than just highlighting, but I think there are a number of points that do need to be made.

Mr. MOFFETT. Then, without objection, your full statement will be included in the record at this point.

[Mr. Peach's prepared statement follows:]

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY
Expected at 10:00 A.M.
Tuesday, April 24, 1979

STATEMENT OF
J. DEXTER PEACH
DIRECTOR, ENERGY AND MINERALS DIVISION
BEFORE THE
SUBCOMMITTEE ON ENVIRONMENT, ENERGY
AND NATURAL RESOURCES
OF THE
HOUSE GOVERNMENT OPERATIONS COMMITTEE
ON
ENERGY CONSERVATION WITHIN THE FEDERAL GOVERNMENT:
THE DEPARTMENT OF ENERGY'S ROLE

Mr. Chairman and Members of the Subcommittee:

GAO welcomes the opportunity to be here today to discuss with you the results of our examinations of the Department of Energy's (DOE) efforts to manage Federal energy conservation. During the past two years, we have issued numerous reports in this area. A list of these reports is included as Attachment I and copies are being supplied for the record.

LACK OF A NATIONAL ENERGY CONSERVATION PROGRAM

Before discussing what DOE is doing to manage Federal energy conservation efforts, let me spend a few moments addressing the Nation's continuing reluctance to develop an effective energy conservation strategy. Our reliance on crude oil imports has increased substantially in recent years and could reach 12 or 13 million barrels per day by 1985.

The Iranian oil situation, which once again jarred our complacency, is still only one of a series of events which underscores the importance of moving forward in the energy conservation area.

The world is likely to continue to experience periods of tight supply and upward pressure on prices in the next few years. The time is approaching when crude oil production capabilities will peak. While we now are faced with the need for quick actions to meet the problems created by the Iranian oil shortfall, we also must face up to the reality that we can not continue to rely on short-term crisis management in the energy area and that now is the time to get our energy conservation act together.

We believe a strong, coordinated national energy conservation program cannot only mitigate the adverse impacts of future Iranian-type situations, but more importantly it would reduce the likelihood of oil embargoes being used as a weapon against the United States. Further, a strong conservation program is also needed to allow an orderly transition to renewable resources. Our February 13, 1979, letter to the Chairmen of Energy-Related Committees and Subcommittees highlighted the following three overriding problems which, in our opinion, must be solved before the Nation will achieve any significant level of energy conservation:

--A lack of specific planning and direction from the Government in the energy conservation area. In our June 30, 1978 report (EMD-78-38), we concluded that the Federal Government had not developed an overall energy conservation strategy for the Nation. While DOE generally agreed with our position, no strategy has been forthcoming.

--The failure to develop, and have approved by the Congress, emergency energy conservation and gasoline rationing plans.

--The absence of an aggressive, coordinated effort by the Government to conserve energy in its own operations and facilities.

In view of the importance of energy conservation as part of the Nation's energy policy, let me discuss briefly the need for Federal conservation efforts.

THE NEED FOR FEDERAL ENERGY CONSERVATION

The Federal Government has a unique opportunity not only to conserve vast amounts of energy but to serve the Nation as an example by aggressively pursuing conservation throughout its many and varied operations. Today, the Government is the Nation's largest single energy user, accounting for over 2 percent of U.S. energy consumption. This represents

the equivalent of about 282 million barrels of oil worth almost \$4 billion a year. This energy is used within the Federal sector by almost six million people, in more than 400,000 buildings, and in operating more than 650,000 vehicles of all types.

In addition, the Government uses much energy indirectly through other activities. A RAND Corporation study indicates that from 4 to 7 percent of total national energy consumption is in support of the Government's purchase of goods and services. Consequently, the Federal Government can exert influence far beyond its relative size and overall consumption level.

To date, most Federal Government energy savings have been achieved through relatively simple measures such as reducing equipment operating hours, adjusting thermostats, turning off lights, and some actions to retrofit existing buildings to make them more energy efficient. DOE has reported that Federal energy use between 1973 and 1975 was reduced by over 26 percent. Since 1975, however, energy use reductions have not been so dramatic. In fact, the most recent data reported by DOE shows that between 1976 and 1977 there was an increase in Federal energy use of over 2 percent. This upward trend in energy use indicates to us that the Federal Government is not doing enough to conserve energy.

THE FEDERAL ENERGY CONSERVATION
PROGRAM IS IN DISARRAY

We believe the Federal Government's efforts to conserve energy have not achieved their full potential largely because DOE has made an insufficient commitment to the Federal Energy Management Program. This program is the Government's response to its own need to manage and control energy use. DOE has failed to fulfill the planning requirements mandated by legislation and executive orders and has failed to fully embrace its role in Federal energy conservation, as envisioned by the Congress. This has resulted in a weak uncoordinated program lacking specific management direction.

While we have been reporting these problems for the last two years, DOE has taken no corrective action and, in fact, seems to be deemphasizing its role in the Federal Energy Management Program. This inaction was underscored on February 2, 1979, when the President found it necessary to issue a memorandum which directed agency heads to establish goals, prepare plans, and issue implementing instructions to reduce Federal energy use. All these actions were required several years ago and, in our opinion, should have been accomplished long before now.

ENERGY CONSERVATION PLANS NEED
TO BE DEVELOPED AND IMPLEMENTED

The means through which DOE can first exercise its leadership role in Federal conservation is the planning process. Although the basic framework for planning energy conservation has been established by both legislation and executive orders, DOE has not yet fulfilled its planning responsibilities.

The Energy Policy and Conservation Act (Public Law 94-163), dated December 22, 1975, requires the President to develop and implement a 10-year plan to reduce energy use in Federal buildings. This plan is to include mandatory lighting efficiency standards, mandatory thermal efficiency standards and insulation requirements, restrictions on hours of operation, thermostat controls, and other conditions of operation. Executive Order 11912, issued in April 1976, and amended by Executive Orders 12003 in July 1977 and 12038 in February 1978, requires DOE to develop the plan called for by the law. Further, Executive Order 12003 establishes energy reduction goals of 20 percent for existing buildings and 45 percent for new buildings. Each of these legislative and executive actions clearly implies strong management and policy direction with respect to energy conservation in Federal buildings and facilities. As of today, however,

over three years since the law was passed, the Federal Government has no approved 10-year plan for its buildings and facilities.

In addition to the requirements for a 10-year plan for buildings and facilities, a November 4, 1976, Presidential Memorandum directs Federal agencies to establish specific plans for energy savings and directs DOE to work with these agencies to establish individual agency goals for energy conservation. Executive Order 12003 reiterated these requirements by directing each executive agency to submit to DOE an overall plan for conserving energy in all operations of the agency. Each agency is also required to annually report to DOE on the progress made toward achieving the goals established in its overall plan. These requirements provide DOE with the authority and the means to direct energy conservation efforts and evaluate results.

We found, however, that DOE has not issued any guidance for Federal agencies to use in developing their overall energy conservation plans. For example, we have reported that DOE has not provided guidance to Federal agencies for use in developing transportation energy conservation plans and has not assisted them in establishing specific goals for reducing transportation energy consumption. Further, DOE has not assisted agencies in establishing individual agency conservation

goals. As a result, no Federal agency has formally submitted a conservation plan to DOE even though it is required by the Executive Order. In the absence of these plans DOE cannot measure the progress being made.

Although DOE has not fulfilled its planning responsibilities, individual Federal agencies have implemented energy conservation measures and have reported energy savings. For example, in the transportation area, the Department of Defense has increased its use of aircraft, ship, and vehicle simulators, and the U.S. Postal Service has evaluated and is using electric vehicles. The agencies, however, are operating independently of one another. Even within DOE, demonstrations of energy conservation measures have not been integrated with the overall Federal Energy Management Program. The result is a fragmented Federal Government energy conservation approach with needless duplication of effort among agencies. For example, we reported that duplicate testing has occurred because no single agency is responsible for coordinating evaluations of energy conserving devices. We found that one device for increasing the efficiency of some air conditioners had been separately evaluated and found effective by GSA, the Air Force, and the Navy. DOE declined to accept responsibility for coordinating evaluations of energy saving products.

Additionally, prior to FY 1979 agencies were generally permitted to request and use funds for energy conservation retrofit projects as they determined appropriate. We found instances where funds requested by GSA for energy conservation were used for projects in other areas. We recommended that DOE seek legislation which provides that all such funds be appropriated to DOE or that requires agencies to identify and dedicate within their budgets the specific funds to be used for energy conservation projects.

In November 1978, Congress enacted the National Energy Conservation Policy Act (Public Law 95-169). This Act, for the first time, requires each agency to conduct energy audits for identifying Federal building retrofit projects and to request budget funds for such projects on a line item basis. While we believe that line item budgeting called for in the new energy legislation is beneficial, it will not guarantee that funds requested for energy conservation projects will be restricted for such use. An agency could request funds in the name of energy conservation and thereafter, in the absence of some legislative restriction, such as a line item in an appropriation act, reprogram the funds for other purposes. We believe that central project approval and funding through DOE would provide more assurance that energy conservation funds are being optimized and effectively used. Our

work has shown that some of the most effective conservation projects have not been funded, and we have recently learned that DOD has also used energy conservation funds for other purposes. Under its Energy Conservation Investment Program, DOD has used about 20 percent, or \$68 million, of the funds provided for this program for other purposes.

We believe these as well as other problems we have identified demonstrate the need for a comprehensive energy management program. To establish the most effective program possible, DOE needs to develop a strategic approach for managing long-term energy conservation efforts. This includes not only developing and issuing an appropriate plan, but also insuring that agencies implement the plan and then closely monitoring and evaluating progress to insure that the objectives and goals are being achieved in a timely manner.

DOE NEEDS TO FULFILL ITS PROGRAM
MANAGEMENT AND LEADERSHIP RESPONSIBILITIES

We are concerned about the lack of direction and overall management effort that DOE is giving to the Federal conservation program. In this regard, DOE is apparently confused over the role it is to play in Federal conservation efforts. This role should be clear, since one reason for establishing DOE, as stated in the DOE Organization Act (Public Law 95-91),

was to achieve effective management of Federal energy functions including coordinating energy policies and promoting energy conservation measures.

In spite of such legislation, the Department has consistently refused to undertake the role of leader and manager for Federal energy conservation efforts. DOE stated this position in commenting on one of our recent reports. We recommended that DOE coordinate the evaluation of energy saving devices, establish demonstration projects using those devices in Federal buildings, and publicize the results of such projects. While some DOE program staff thought demonstration projects would be good, DOE's official response to our report was that representatives of OMB and certain DOE management officials have taken the position that DOE should have no role in 'coordinating' or 'managing' agency energy conservation efforts. DOE noted that this position was obviously inconsistent with our perception of its role as a strong central manager of Federal energy conservation activities and stated that until this issue is settled, it could not positively respond to our recommendations. We believe that if DOE's position is inconsistent with our perception of its role, then its position is also inconsistent with the law.

We believe one reason that the Federal Energy Management Program has lacked overall direction is that DOE has not provided adequate organizational emphasis and funding for the program. Initially, the program was established to manage the Government's overall energy conservation program. Under DOE, however, the program has not been accorded an organizational status which enables it to do much more than collect, compile, and report on Federal energy consumption data.

When we criticized DOE's lack of emphasis of the Federal Energy Management Program, DOE replied that it was meticulously examining its programs and activities and that this would result in the proper organizational structure and staffing levels for accomplishment of assigned responsibilities. We noted that this examination resulted in a 20 percent reduction in the budget request for fiscal year 1980 and the loss of two staff members.

Public Laws, Executive Orders, and Presidential Memoranda dealing with energy, envision and authorize a strong, structured energy conservation program within the Federal sector. If DOE continues to ignore its responsibility, mandated requirements will never be met. We believe that DOE should effectively serve as the lead agency for energy conservation

throughout the Federal Government, and should make this point known to other agencies and departments.

In conclusion, Mr. Chairman, we believe that the Federal Government needs to conserve energy, that its program for doing so is in disarray, and that DOE must accept the responsibility. We have continually reported what we believe to be the major problems, but DOE has not taken corrective action. We are concerned that DOE's lack of leadership and its failure to aggressively pursue energy conservation planning is causing the Government to miss energy conservation opportunities. To put it in perspective, if the Federal Government were to save 20 percent of its total energy use, which we believe is feasible, it could reduce the Nation's energy demand by the equivalent of over 150,000 barrels of oil a day--about 31 percent of the Nation's shortfall resulting from the cutoff of oil imports from Iran.

That concludes my statement, Mr. Chairman. I would be happy to respond to questions.

Listing and Summary Of GAO Reports On
Energy Conservation In The Federal Sector

1. "Evaluation Of DOE's Activities To Develop Mandatory Lighting And Thermal Efficiency Standards For Federal Buildings"

(EMD-79-32, March 8, 1979).

We evaluated the Department of Energy's (DOE's) activities to develop mandatory lighting and thermal efficiency standards for Federal buildings. Such standards are to be developed by DOE as part of the 10-year plan for energy conservation in Federal buildings called for in section 381 of the Energy Policy and Conservation Act (EPCA) (Public Law 94-163).

We found that mandatory lighting and thermal efficiency standards have not been established. We concluded that DOE needs to promptly address certain issues concerning the establishment of such standards before an aggressive energy conservation program for Federal buildings can be pursued.

2. "Transportation Energy Conservation In The Federal Government" (EMD-79-3, January 25, 1979).

This report discusses DOE's efforts through the Federal Energy Management Program to develop and promote a transportation energy conservation program in the Federal Government.

While significant reductions have been reported in the Federal Government's use of energy since fiscal year 1973, DOE has not provided the leadership necessary for a strong, structured transportation energy conservation program. The reported reductions, to a great extent, are the result of operational changes and not the result of conservation activities. This report recommends, and provides some suggestions for a stronger, more structured transportation energy conservation program.

ATTACHMENT I

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3. "More Use Should Be Made Of Energy-Saving Products In Federal Buildings" (EMD-79-10, January 23, 1979).

Many products are available from commercial sources which, when installed in buildings and facilities, can save significant amounts of energy. While Federal agencies are presently using some of these energy-saving devices, they could expand that use and profit accordingly.

This report identifies factors impeding the use of energy-saving products by Federal agencies and discusses several ways in which DOE could improve its management of the Federal energy conservation effort.

4. "Improvements Needed In Department of Defense Energy Conservation Investment Program" (EMD-78-15, January 18, 1978).

The Energy Conservation Investment Program afforded DOE, the Government's largest energy user, an excellent opportunity to make its existing buildings more energy efficient.

However, the program as conceived and currently structured does not insure that its primary objective of conserving DOD's energy resources will be achieved in the most efficient, effective, and economical manner because:

- The program structure excludes some facilities that are large energy users.
- The program criteria does not require proper economic analyses for evaluating and selecting projects.
- Program directors have not established adequate guidelines and controls to identify energy saving projects on the basis of consistent and reliable data.

5. "Evaluation Of The Plan To Conserve Energy In Federal Buildings Through Retrofit Programs" (EMD-78-2,

ATTACHMENT I

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December 22, 1977 and EMD-78-89, July 20, 1978).

Buildings consume about 39 percent of the total energy used by the Federal Government. Energy conservation in these facilities, therefore, is essential in any program to reduce the Government's energy use.

DOE has developed a comprehensive plan to reduce energy use in existing Federal buildings through retrofit programs. However, several areas should be further developed before it is submitted to the President for final approval, including:

- Better procedures and criteria for evaluating, selecting, and approving retrofit projects.
- Improved funding mechanisms for energy conservation retrofit projects.
- Improved procedures for evaluating Energy Management Systems.
- Better marketing and use of the retrofit handbook.

In the second report cited above, we evaluated the comments DOE provided to the House Committee on Government Operations and the Senate Committee on Governmental Affairs on our earlier report. We concluded that the comments were generally not responsive to the matters discussed in the report. We expressed our concern that the development of the 10-year plan for energy conservation in Federal buildings, as required by the Energy policy and Conservation Act (P.L. 94-163), is not being aggressively pursued.

6. "Federal Agencies Can Do More To Promote Energy Conservation By Government Contractors" (EMD-77-62, September 30, 1977).

Although the Federal Government has been promoting energy conservation since late 1973 and several agencies have programs that deal

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with industrial energy conservation, these programs and actions have had little effect at Government contractors' plants.

All contractors had taken some conservation actions at the facilities reviewed. Very few, however, had viable energy management programs.

Contractors can do more to save energy. The potential for achieving additional reductions in energy use is more than 20 percent in some plants.

Because of possibly high energy savings, the Government must work effectively as a unit to foster and promote energy conservation.

7. "Energy Conservation At Government Field Installations-- Progress And Problems" (LCD-76-229, August 19, 1976).

GAO visited 77 Government installations to determine how effectively they were undertaking the Federal energy reduction program.

Generally, installations have been active in efforts to reduce energy consumption. However, much more can and should be done to save energy through improved program management, more internal reviews, better energy-use information systems, stricter compliance with Federal standards and regulations, and modifications to existing facilities.

Mr. PEACH. Before starting, I would like to introduce members of my staff that I have with me today.

Starting on my left, I have Mr. Jeff Jacobson, who is in the Office of General Counsel of the General Accounting Office. Mr. William Oelkers—Mr. Oelkers is the Assistant Director in charge of our work in the conservation area, in total, in the General Accounting Office. And Mr. Robert Welker is on my right. He is a supervisory auditor who has been in charge of all of the work that we have done with regard to the Federal Energy Management program.

In addition, I would like to recognize in the room today two people from our regional offices who are very important in gathering the information that we need to complete our assignments in the General Accounting Office: Mr. Dennis Holmes, a supervisory auditor in the Cincinnati regional office, who has done our work in the transportation sector; and Mr. Lou Roberts, who is an auditor in our San Francisco office, who has done our work in the buildings and facilities area.

Mr. MOFFETT. Mr. Peach, will any of these gentlemen be testifying?

Mr. PEACH. It is possible that we could call on any of them, depending on the amount of detail the subcommittee would like to get into.

Mr. MOFFETT. If so, at that time we will swear them in also. You may proceed with your testimony.

Mr. PEACH. All right.

Before spending time on the Federal energy conservation programs, in-house, let me spend a few minutes just talking about conservation overall and the reluctance that we seem to have had in this country to develop an effective energy conservation program.

Our reliance on oil imports is continuing to go up. Work we have done indicates that if we do not take adequate measures to meet this increasing reliance, we could reach a level of 12 to 13 million barrels of oil a day of oil imports by 1985.

I think the recent Iranian oil situation is just another example of something that occasionally jars our complacency and makes us think, "Well, maybe we should do something about this situation."

From the work we do, we think the world is going to continue to experience periods of tight supply occasionally because of circumstances beyond our control. We are going to have upward pressure on prices, and the time is eventually going to come, sooner or later, when world crude oil production is going to peak, just as we had crude oil production peak in this country several years ago.

While we are faced with the need for quick actions to meet the problems the Iranian situation presented, we also think we have got to face up to the reality that we cannot continue to rely on short-term management in the energy area and that now is the time to begin to get the energy conservation act together.

We sent a letter on February 13, 1979, to the chairmen of energy related committees and subcommittees which highlighted three overriding problems which, in our opinion, must be solved before the Nation will achieve any significant level of energy conservation.

It is a lack of specific planning and direction from the Government in the energy conservation area that is the problem. In a June 1978 report, we concluded the Federal Government had not developed an overall energy conservation strategy for the Nation. While DOE generally agreed with our position, no strategy has been forthcoming since that time.

The failure to develop and have approved by the Congress emergency energy conservation and gasoline rationing plans—which was a failure that went on for several years, although such plans are now before the Congress for consideration after a gap of some 3 or 4 years—must also be noted.

And the absence of an aggressive coordinated effort by the Government to conserve energy in its own operations is the focus of this hearing.

The Government is the Nation's largest single energy user; it accounts for over 2 percent of U.S. energy consumption. That represents about 282 million barrels of oil, worth about \$4 billion a year.

But in addition to that, the Government uses a considerable amount of energy indirectly, through other activities. The Rand Corporation study has indicated that from 4 to 7 percent of total national energy consumption is in support of the Government's purchase of goods and services. Consequently, the Government really has an opportunity to exert influence far beyond its relative size and overall consumption.

From what we have seen, most of the Government's energy savings to date have been through relatively simple measures such as reducing equipment operating hours, adjusting thermostats, turning off lights, some retrofitting of existing buildings, and so on.

Reports have indicated that Federal energy use has gone down between 1973 and 1975 by over 26 percent. Since 1975, however, the energy use reductions have not been so dramatic. In fact, the most recent data reported by DOE shows that between 1976 and 1977 there was an increase in Federal energy use of over 2 percent. This upward trend indicates to us that we still are not doing what we should be doing within the Federal Government establishment to conserve energy.

We believe that the Federal Government's programs have not achieved their full potential because DOE has made an insufficient commitment to the Federal energy management program. This program is intended to be the Government's response to its own need to manage and control energy use. DOE has failed to fulfill the planning requirements mandated by legislation and Executive orders and has failed to fully embrace its role in Federal energy conservation as envisioned by the Congress. This has resulted, in our opinion, in a weak, uncoordinated program, lacking specific management direction.

We have been reporting these problems for the last 2 years, but DOE has taken no corrective action and, in fact, seems to be deemphasizing its role in the Federal energy management program. This inaction, to us, was underscored on February 2, 1979, when the President found it necessary to issue a memorandum which directed agency heads to establish goals, prepare plans, and issue implementing instructions to reduce Federal energy use. All

these actions were required several years ago and, in our opinion, should have been accomplished long before now.

The means through which DOE can first exercise its leadership role, we think, is the planning process. Although the basic framework for planning energy conservation has been established by both legislation and Executive orders, DOE has not yet fulfilled its planning responsibility.

The Energy Policy and Conservation Act passed in 1975 required the President to develop and implement a 10-year plan to reduce energy use in Federal buildings. The plan was to include mandatory lighting efficiency standards, mandatory thermal efficiency standards, insulation requirements, restrictions on hours of operation, thermostat controls, and other conditions of operation.

Executive orders issued in 1976 and again in July 1977 and February 1978 require DOE to develop the plan called for by the law. Further, Executive Order 12003 established energy reduction goals of 20 percent for existing buildings and 45 percent for new buildings.

Each of these legislative and Executive actions clearly implies strong management and policy direction with respect to energy conservation in Federal buildings and facilities. As of today however, over 3 years since the law was passed, the Federal Government has no approved 10-year plan for its buildings and facilities.

In addition to the requirements for the 10-year plan, a November 4, 1976, memorandum directs Federal agencies to establish specific plans for energy savings and directs DOE to work with these agencies to establish individual agency goals for energy conservation.

An Executive order reiterated these requirements by directing each executive agency to submit to DOE an overall plan for conserving energy in all operations of the agency. Each agency is to report annually to DOE on the progress made toward achieving the goals in the overall plan. These requirements, in our view, provide DOE with the authority and means to direct energy conservation efforts and evaluate results.

We found, however, that DOE has not issued any guidance for Federal agencies to use and develop in their overall energy conservation plans. DOE has not provided guidance for Federal agencies to use in developing transportation energy conservation plans. It has not assisted them in establishing specific goals for reducing transportation energy use.

Further, DOE has not assisted agencies in establishing individual agency energy conservation programs. As a result, no Federal agency has formally submitted a conservation plan to DOE, even though it is required by the Executive order. In the absence of these plans, DOE cannot measure the progress being made.

Although DOE has not fulfilled its planning responsibilities, I should point out that individual Federal agencies have implemented energy conservation measures and reported energy savings. In my statement, we detail some of these, such as the Department of Defense and the Postal Service.

But as a result of not having the kind of coordination you need in DOE, what you end up with is a fragmented Federal Govern-

ment energy conservation approach, sometimes with needless duplication of effort among agencies.

For example, we found cases of duplicate testing of energy conserving devices where one agency had gone in and tested out a specific energy conserving device, found out it was effective; and a year or two later, you have another agency testing the same device again to find out whether it is effective or not.

If DOE were providing leadership, it would have information on what devices are effective, how they are working, and could provide that information to other agencies so they could integrate them into their programs—this is the kind of thing we are talking about here.

Another area had to do with how funds are requested. Prior to fiscal year 1979, agencies were generally permitted to request and use funds for energy conservation retrofit projects as they deemed appropriate. We found instances where funds requested by GSA for energy conservation were used for projects in other areas. We recommended that DOE seek legislation which provides that all such funds be appropriated to DOE or that requires agencies to identify and dedicate within their budgets the specific funds to be used for energy conservation projects.

In November 1978, when Congress enacted the National Energy Conservation Policy Act, for the first time each agency was required to conduct energy audits, identify Federal building retrofit projects, and request budgeted funds for such projects on a line-item basis.

We believe that this line-item budgeting called for is beneficial but that it will not guarantee that funds requested for energy conservation projects will be restricted to such use. An agency can request funds in the name of energy conservation and thereafter, in the absence of any legislative restriction, like having a specific line item in the appropriation act, go on to reprogram the funds and use them for some other purpose.

We think that central project approval and funding through DOE could provide more assurance that the energy conservation funds are being optimized and effectively used.

If we look at this on a total Government-wide basis, we have found instances where the most effective conservation projects were not funded because they had a lower priority in the agency, whereas less effective conservation projects were being funded in other agencies. We think we need some mechanism to make sure we are using the funds directed to energy conservation in the most effective manner throughout the Government.

We recently learned that, under the energy conservation investment program, the Department of Defense has used about 20 percent, or \$68 million, of its funds provided for that program for other purposes, other than energy conservation.

All of these things together, we think, point out the need for a comprehensive energy management program in the Government. To establish that kind of program, DOE needs to develop a strategic approach for managing long-term energy conservation efforts. This not only includes developing and issuing the appropriate plans but also insuring that agencies implement the plans and then

closely monitor and evaluate the progress to insure that the objectives and goals are being achieved in a timely manner.

Let me move on to another area that gets to the question of the management and leadership responsibility for the program in DOE.

DOE seems to us to have some confusion about the role that it should play in Federal conservation efforts. We think this role should be clear because one reason for establishing DOE, as stated in the DOE Organization Act, was to achieve effective management of Federal energy functions including coordinating Federal energy policies and promoting energy conservation measures.

In spite of such legislation, the Department has consistently refused to undertake the role of leader and manager of Federal energy conservation efforts. DOE stated this position in commenting on one of our recent reports.

We recommended that DOE coordinate the evaluation of energy-saving devices, establish demonstration projects using those devices in Federal buildings, and publicize the results of such projects. While some DOE program staff felt the demonstration projects would be good, DOE's official response to our report was that representatives of OMB and certain DOE management officials have taken the position that DOE should have no role in coordinating or managing agency energy conservation efforts. The DOE noted that this was obviously inconsistent with our perception of its role as a strong central manager of Federal energy conservation activities and stated that, until this issue is settled, it could not positively respond to our recommendations.

We believe that if DOE's position is inconsistent with our perception of its role, then its position is also inconsistent with the law.

Another reason that the federal energy management program has lacked overall direction is that DOE has not provided adequate organizational emphasis and funding for the program. Initially, the program was established to manage the Government's overall energy conservation program. Under DOE, however, the program has not been accorded the organizational status which enables it to do much more than collect and compile and report on Federal energy consumption data.

When we criticized DOE's lack of emphasis on Federal energy management programs, it replied that it was meticulously examining its programs and activities and that this would result in the proper organizational structure and staffing levels for accomplishment of assigned responsibilities. We note that this examination resulted in a 20-percent reduction in the budget request for fiscal year 1980 and the loss of two staff members.

Public laws, Executive orders, and Presidential memorandums dealing with energy envision and authorize a strong, structured energy conservation program within the Federal sector. If DOE continues to ignore its responsibility and mandated requirements, they will never be met. We believe that DOE should effectively serve as the lead agency for energy conservation throughout the Federal Government and should make this point known to other agencies and departments.

In concluding, Mr. Chairman and members of the subcommittee, we believe that the Federal Government needs to conserve energy,

that its program for doing so is in disarray, and that DOE must accept the responsibility.

We have continually reported what we believe to be the major problems, but DOE is not taking corrective action. We are concerned that DOE's lack of leadership and its failure to aggressively pursue energy conservation planning is causing the Government to miss energy conservation opportunities.

To put this in perspective, if the Federal Government were to save 20 percent of its energy use, which we believe is feasible, it could reduce the Nation's energy demand by the equivalent of over 150,000 barrels of oil a day, or about 31 percent of the Nation's shortfall resulting from the cutoff of oil imports from Iran during the recent situation.

This concludes my summary of the statement, Mr. Chairman. I would be glad to respond to any questions, together with my staff.

Mr. MOFFETT. Thank you, Mr. Peach. The subcommittee is very appreciative of your very excellent testimony.

The Chair will now recognize members for questioning, and members will be recognized on the basis of when they appeared in the subcommittee hearing room.

The Chair now recognizes the gentleman from Massachusetts.

Mr. DRINAN. Thank you, Mr. Chairman. And thank you, Mr. Peach, for your very splendid testimony.

This is another indication to me that the Secretary of Energy, Mr. Schlesinger, is really not qualified to carry out his duties. It seems to me I have been saying that for a long time, and this confirms my feeling on that matter.

From material prepared by the staff, I see that the Department of Defense uses 81.3 percent of all of the energy consumed by the Federal Government. So, I would assume that it would make sense if we began to concentrate on DOD rather than the other agencies. Would you concur in that judgment?

Mr. PEACH. That is essentially correct. DOD is by far the major user of energy. And, to a degree, I think DOD probably puts more emphasis than other agencies in terms of things it is doing in energy conservation. It has a specific energy conservation investment program. It has that kind of structure.

Of course, you have to remember at the same time that the DOD budget is a very sizable budget. So, a few million dollars here and there in that budget can get lost very quickly.

Mr. DRINAN. And I was stunned to read in your testimony, on page 10, that the DOD has used about 20 percent or \$68 million of the funds provided for energy conservation for other purposes.

How have they used those for other purposes? Would you elaborate on that in other words?

Mr. PEACH. They have essentially just taken the money and reprogramed it into other areas—their building and facilities programs and other things dealing with remodeling, updating facilities, and so on, rather than things that are specifically directed to energy conservation.

Mr. DRINAN. Would that be clearly illegal?

Mr. PEACH. No. It is not illegal. It is within the reprogramming authority that they have, based on the way the budget is put together. In other words, the energy conservation items are not

budgeted on a specific line-item basis for this much being appropriated for this specific activity. Because it is not, and because it is included in a portion of this buildings and facilities aspect of the budget, they are able to reprogram that money.

Mr. DRINAN. Under the law, would the Secretary of Energy be able to reprimand them for that or at least tell them not to do it in the future? Does he have the power to do that?

Mr. PEACH. No, not really. Not the way that it operates at this point.

We have suggested in our reports, and actually felt the best way to go in getting the most bang for your buck in the energy conservation area, was to place DOE in a position where it was evaluating the kinds of conservation projects which agencies came forward with and sort of have oversight of the energy conservation funds, making decisions as to which are the most effective ways to use the money.

As it stands right now, the energy conservation funds are appropriated to the individual agencies, and the restriction in the appropriation language is such that it does not tie them down from reprogramming it to other uses.

The only way that you could get a restriction in there that would tie it down would be to have very specific line items included in the appropriation for each agency, specifying exactly how the money would be used.

Mr. DRINAN. I suppose the Congress should be doing something like that, but it is discouraging, as I read all of this material. The Congress has set forth six or seven major bills requiring the Federal Government to conserve energy, and yet we have a record which indicates that the DOE has developed no standards or, at best, the guidelines are in draft form.

Is there any area in energy conservation where the DOE has done a reasonably good job?

Mr. PEACH. I cannot think of any area where I would want to commend them very strongly. I think that in both the Federal and private sector energy conservation programs, we have been critical in terms of their lack of developing an overall strategy to deal with energy conservation in general.

Mr. DRINAN. And I commend the GAO for its work in the last 2 or 3 years during which time it has developed report after report concerning this matter. I have to conclude that every attempt by the Congress to develop energy conservation guidelines has been rejected and defied by the Department of Energy.

I conclude from what you have just said that the DOE has failed in every way in energy conservation mandates given to it by the Congress.

Mr. PEACH. Certainly in the case of the federal energy management program.

Mr. DRINAN. Well, we appreciate that contribution, and I hope this subcommittee is going to follow through on it and do everything we can.

I yield back the balance of my time.

Mr. MOFFETT. The Chair now recognizes the gentleman from Minnesota.

Mr. STANGELAND. Thank you, Mr. Chairman.

Mr. Peach, in your testimony, you state that the 10-year plan has not been finalized. What is the current status of that 10-year plan, and why has it not been finalized?

Mr. PEACH. As I understand, it is now in draft form. The Department of Energy recently did contract out to someone the responsibility for developing that 10-year plan for them. It is not something they are doing precisely in-house, but they have contracted it out to someone else to develop the 10-year plan.

In point of fact, we have actually had the feeling that they were closer to having a 10-year plan back in 1977 than they are right now. They had a 10-year plan a couple of years ago, and we thought it contained many of the essential elements that you would have to have in this 10-year plan, but there was no follow-through in order to put it in a final form and get it out.

Mr. STANGELAND. In other words, you are saying that the Department of Energy does not have the technical expertise and personnel to develop their own plan—that they had to hire a consultant from the outside to develop that plan?

Mr. PEACH. I have not looked into the specifics of that particular contract in great detail. I think that would be a good question to ask the Department of Energy.

Let me just make a more general kind of statement. One of the things I am consistently becoming more concerned about is things that I see being contracted out by the Department of Energy which seem to me to fit into a basic policy management kind of function. I have real concern when I see an agency feeling that it has to contract out to somebody in those kinds of areas—that it does not have the in-house capability.

Mr. STANGELAND. OK.

On page 8, you say that no Federal agency has formally submitted a conservation plan to the DOE as required by the Executive order.

Have any of the agencies informally submitted a plan or draft of a plan?

Mr. PEACH. We believe there have been some plans—drafts—submitted; some informal kinds of discussions have taken place; there have been some informal submissions of plans. I think the Department of Defense has done some of this—or some areas of the Department of Defense.

Mr. STANGELAND. What is your understanding as to why the DOE has not provided guidance to these Federal agencies in the development of their conservation plans?

Mr. PEACH. It seems to me that the philosophy has been one of saying, "We think the better way to go is to let each individual agency do their own thing, of developing their own conservation plan; and then we will just act as a scorekeeper, knowing what is in the plan, and getting them to report their results from the plans; and we will pull all this information together."

Our view has been consistently just the opposite—that there ought to be some consistency to the planning structure, that DOE should be providing some "top down" guidance, and then having the individual agencies develop their plans consistent with that "top down" guidance, report back to the DOE and be in a position

to monitor their progress against their plans and compliance with the overall guidelines.

Mr. STANGELAND. Could you detect any attitude on the part of the other agencies—not having the DOE interfere with how they draft their plans? In other words, is there a resistance on the part of Federal agencies to allow DOE to be the lead agency?

Mr. PEACH. I think that certainly there is lobbying in that kind of area on the part of agencies which say, in effect, "We don't need your help. We can develop our own plans. Let us do our own planning." And at DOE, at this point, that seems to be the wisdom they are going with. It is not consistent with our point of view, but that is the way their plan has developed—no guidance.

Mr. STANGELAND. That is the path of least resistance.

Mr. PEACH. That is right.

Mr. MOFFETT. Would the gentleman yield?

Mr. STANGELAND. Certainly, I will yield.

Mr. MOFFETT. The gentleman raises an important point. I just want to follow up, if I might.

Is it not a little worse than that, though? Is it not, according to your own work, the case that some people at DOE at high levels have been all too willing to cave into pressure from other agencies such as DOD and NASA—not to have DOE play a strong role?

Mr. PEACH. Again, let me hark back to when we made our recommendations. In one area, we suggested there be some stronger guidance.

We thought there was some receptivity until we got to the point of getting the official agency response to the report. And the official agency response was, "Look; there is an issue that exists here at the top management level and also with some Office of Management and Budget concerns about whether DOE should be providing very much guidance in this area; and until it is resolved, we are not likely to do anything else." And I think that is exactly where it stands.

The unfortunate thing is that all of this is in the face of what we see as pretty clear—"pretty clear" is an understatement—legislative mandates and even Executive orders issued by the President.

Mr. MOFFETT. I thank the gentleman for yielding. Thank you.

Mr. STANGELAND. Do you have any comment as to what OMB's attitude has been toward all of this? Have they looked into this? Have they been concerned about these agencies not following the legislative mandate?

Mr. PEACH. I do not think that the concern is there. That would be the implication we have got and the implication behind the DOE feeling that maybe you cannot do too much. It was based, in measure, on some of the OMB feelings.

Mr. STANGELAND. Now, I would just like to have some examples of what you mean. I quote from page 10 of your testimony. "The most effective conservation projects which have not been funded." I am wondering what kind of projects you have in mind. Can you give us any specific projects there?

Mr. PEACH. I would like to ask Mr. Welker to answer that. I have been answering most of the questions, but Mr. Welker is a man who has a wealth of knowledge on the Federal energy management program, and I would like to ask him to respond.

Mr. MOFFETT. The Chair would like to swear you in, Mr. Welker. Raise your right hand, please. Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. WELKER. I do.

I think that in the work we have done, we have been looking at a number of agencies—DOD, GSA, EPA, the Post Office, VA, and so forth—we have seen over the years where these other agencies, aside from DOD and GSA which have already received funds to do retrofit projects—EPA, as an example, had projects that could have saved more energy than a project that DOD, for example, got funded, but EPA did not get it approved—they got no funds. VA has projects that could be funded that would be more effective, that would save more energy—more bang for the buck—but, again, they are not getting the funds. I guess they do not have the support.

Mr. STANGELAND. Who controls those funds?

Mr. WELKER. The agencies right now are getting them individually through their own budget processes. Where we come down, I believe, is we would like to see some centralized funding within DOE where DOE would have the funds and look at projects across the board throughout the Government and identify the projects that should be funded next year—this type of an arrangement.

Mr. STANGELAND. That would prevent the Department of Defense from spending \$68 million for other projects which was designated to be conservation minded.

Mr. WELKER. It should.

Mr. STANGELAND. Thank you, Mr. Chairman. I have no more questions.

Mr. MOFFETT. The Chair now recognizes the gentleman from Indiana.

Mr. DECKARD. Thank you, Mr. Chairman.

Mr. Peach, you have estimated that a 20-percent reduction in the total, overall energy consumption of various Federal agencies would result in a daily savings of 150,000 barrels of oil, which would be about one third of the shortfall that has resulted from the Iranian cutoff.

Do you have any estimate of the time it would take to achieve a reduction of that size? Is that a 10-year program, or could it be done more rapidly?

Mr. PEACH. I think a measure of it could be done more rapidly. I probably do not have a good handle on that. There are a couple of areas I would get into, however, to give you specific things that we see and think could be done.

In the transportation area, we think that with some good, overall guidance and a program to try to reduce fuel use through the transportation sector, which is the largest individual area where we have fuel use, significant savings could be accomplished.

There are other large commercial entities which have made large reductions in their fuel use through very well coordinated driver training kinds of programs. We think these kinds of things offer potential in this area.

Unfortunately, according to statistics and information I have seen, in this one area, if you look at Federal energy use overall, it is going up. It looks like it might have gone up, although statistics are very fuzzy, and I would not place a lot of reliance on them. But

it looks like it went up the year before last by 2 percent and this year 4 or 5 percent.

The one area which seems to be climbing faster than anything is gasoline consumption. I think we had a feeling of that going up about—I have some figures here—if you look at the period from fiscal year 1974 to 1977—let's take those years where I have some data—gasoline consumption is about 18 percent more in 1977 than it was in 1974.

So, while you have energy use remaining about the same, the gasoline consumption is shooting up. We think that could be controlled better.

Another area is buildings and use of energy-saving devices in this area. We identified in another report a number of opportunities that exist—types of equipment that can be installed in Government facilities and buildings that have proven to be energy efficient. We think more could be done in this area with leadership.

That same report was the one where I detailed that one agency was testing a device, proved it to be energy efficient, and then a year or two later we found other agencies testing the same device to see whether it was energy efficient or not. There was no mechanism for getting that information out to everybody and letting them know what the opportunities were.

Mr. DECKARD. What is your general impression of the reasons why the Department of Energy has been so obviously derelict in carrying out the congressional and executive mandates?

Mr. PEACH. You know, you can only conclude that it is a lack of management support. I think it basically has to come down to that.

Mr. DECKARD. You mean high levels in DOE?

Mr. PEACH. High levels in DOE. Of course, you are going to have the DOE officials here. I think you should have an opportunity to talk to them about it. You will have the Under Secretary here. He has, as I understand it, a basic responsibility for conservation activities within the Department of Energy.

But I think the issue of the mandates and the legislation and the Executive orders, compared to the actions taken by DOE to date—their record—is something that does need to be discussed.

Mr. DECKARD. There have been other subcommittee hearings which have indicated that the only effect of the Department of Energy on the energy crisis has been perhaps to prolong it.

In the recent hearing of the Commerce Subcommittee of the Government Operations Committee, we were examining the effect of a foreign tax credit as it relates to our national energy goals. We were told by DOE officials that of their approximately 22,000, they have no one in the DOE who is a tax expert on this particular question.

Of course, we asked why; and the response was that they simply could not afford to hire the type of people who have expertise in this area with a budget in excess of \$10 billion.

Do you have any approximate job breakdown of what 22,000 people do?

Mr. PEACH. I am sure we could provide you with some information on that, broken down by what activities or general areas they are. It is a little hard to get a handle on that.

Mr. MOFFETT. Without objection, it will be included in the record at this point.

[The material follows:]

DOE EMPLOYMENT STATUS
AS OF
MAY 5, 1979

<u>Organization</u>	<u>Full-Time Permanent</u>		
	<u>Auth.</u>	<u>Actual Employ.</u>	<u>Difference</u>
HEADQUARTERS			
Office of the Secretary/Executive			
Secretariat	85	83	-2
Deputy Under Secretary, SPR	59	47	-12
Hearings and Appeals	97	76	-21
Board of Contr. Appeals	5	5	-
General Counsel	360	306	-54
Inspector General	100	98	-2
Economic Regul. Admin.	724	608	-116
Fed. Energy Regul. Comm.	1,800	1,444	-356
Energy Info. Admin.	740	663	-77
Conser. and Solar Appl.	480	371	-109
Resource Applications	299	283	-16
Energy Technology	953	921	-32
Environment	298	278	-20
Defense Programs	348	321	-27
Energy Research	171	150	-21
Administration	678	687	+9
Controller	304	286	-18
Proc. and Contr. Mgmt.	218	220	+2
Intergov't and Insti. Rel.	275	284	+9
International Affairs	137	131	-6
Policy and Evaluation	215	202	-13
Equal Opportunity	34	28	-6
TOTAL HEADQUARTERS	<u>8,380</u>	<u>7,492</u>	<u>-888</u>
OPERATIONS OFFICES	3,726	3,608	-118
REGIONAL OFFICES	1,591	1,490	-101
POWER ADMINISTRATIONS	4,451	4,243	-208
SPECIAL PURPOSE OFFICES	2,033	1,902	-131
TOTAL DOE EMPLOYMENT	<u>20,181</u>	<u>18,735</u>	<u>-1,446</u>

Source: DOE Office of Administration.

Mr. PEACH. I would like to take the liberty of commenting on your observation. We did work in that area and issued a report on the DOE's involvement in the tax policy area. That was our basic finding—that they had not really had any involvement in a number of significant matters of tax policy which had significant energy implications. They essentially impacted on the energy industry. We felt that the Congress and other decisionmakers were not getting adequate information to make decisions. They need to understand both sides of the equation. They need to understand what the implication is in the tax area, the revenue area. They also need to understand the implications on the other national issues of having that particular tax policy in effect.

DOE did not have the staff capability and was not providing any input in that area. Interestingly enough, they now are taking action to try to do something in that area, but their answer, again, has been to contract out to someone for a study to provide them with some information on how to look at tax policy issues.

Mr. MOFFETT. The gentleman's time has expired.

The Chair now recognizes the gentleman from Pennsylvania.

Mr. KOSTMAYER. Mr. Peach, can you translate that 20 percent figure on page 13 into a dollar amount? In other words, the cost of this failure to save an estimated 20 percent?

Mr. PEACH. In terms of the balance of payments, I have not seen the most recent figures on what we are paying for a barrel of oil, but let us use \$14 or \$15 times 150,000 barrels a day. That is the balance of payments effect.

Mr. KOSTMAYER. So those are the dollars we are losing, in effect?

Mr. PEACH. Yes—in terms of going out of the country.

Mr. KOSTMAYER. Are they saving anything? You say, to put it in perspective, if the Federal Government would save 20 percent of its total energy use. Is the figure zero, or is it simply somewhere between zero and 20 percent? Or is the failure to save virtually nothing at all?

Mr. PEACH. There has been an effect. I think you have to go back and trace through what has happened.

Going back to the time when the original Arab oil embargo occurred and the years after that, we had a situation in the United States where, in a nationwide sense, our energy use declined. In a similar way, our energy use declined in the Federal sector. There were many things done. There was belt-tightening and other kinds of measures by agencies. And we achieved almost a 20 percent kind of energy reduction in those early 2 or 3 years.

What we have found in 1977 and 1978 is that energy use is beginning to creep back up again. It grew by about 2 percent according to last year's figures and preliminary, unverified figures indicate about a 4-percent growth this year. The figures are difficult to rely on completely because there is a lot of activity in changing the baseline, so you are comparing apples and oranges. But under any measure, I think energy use is increasing again.

We go back, and we think we have documented enough opportunities for actions that could save energy to make that 20-percent figure a reasonable kind of goal that they ought to be looking at.

Mr. KOSTMAYER. You responded to Father Drinan when he asked you if using these funds for other purposes, for example, in DOD

other than the energy conservation investment program, was illegal. You said it is not illegal. Is that right, even though it is a clear violation of congressional mandate?

Mr. PEACH. Yes. Agencies do have a reprogramming kind of capability. The issue is how tightly the language of the appropriations act ties them down on whether they can reprogram or not without coming back to Congress.

In this particular case, they are not tied down.

Mr. KOSTMAYER. Because of the language in the appropriations act in this instance?

Mr. PEACH. That is right. The appropriation law does not include a line item sort of thing specifically saying, "So much money for this particular energy conservation project."

Mr. KOSTMAYER. Would one notion of trying to correct this be to tighten the language, or would that cause other problems?

Mr. PEACH. You could tighten the language. There is no doubt about it.

We have suggested that that is one alternative. We have supported the idea of an alternative which we think is probably better, and that is giving DOE some centralized control over the money that is put into the energy conservation area; so it can trade off and try to see where is the best area to put the money that the Congress would wish to provide for energy conservation purposes.

Mr. KOSTMAYER. If you had to give DOE a letter grade on saving energy, would you give them a passing grade, or not?

Mr. PEACH. For the Federal energy management program? No, I would not give them a passing grade.

Mr. KOSTMAYER. So they would get an "F" in this subject, then?

Mr. PEACH. That is right.

Mr. KOSTMAYER. Because consumption of energy is probably justifiably larger in DOD, does it follow again—following up on what Father Drinan said—that that is where the problem of waste is so severe? Do these figures which apply to DOE also apply to DOD in general or not?

Mr. PEACH. Well, DOD is the biggest user of energy. To the extent that opportunities exist for conserving, you should find your biggest opportunities there. They have the most facilities, the most buildings, and they are the biggest user of energy for transportation purposes.

Mr. KOSTMAYER. Maybe you did this in your testimony, but can you give us a percentage figure on that similar to the 20 percent, or even a dollar figure?

Mr. PEACH. No. I do not have anything that breaks it down between DOD and others in terms of saying it is all in DOD and the others are pretty good. We think it is across the board in terms of where opportunities lie.

Mr. KOSTMAYER. So the same general figures would apply to DOD? It would be a much larger amount of money.

Mr. PEACH. Yes. Let me ask Mr. Welker to answer that. He would like to make a comment on that.

Mr. KOSTMAYER. Certainly.

Mr. WELKER. Specifically with respect to DOD, we have done work—about 2½ years ago—and looked at some major Government contractors—20 of them. In that mix, were also some "Go-Go"

facilities—Government-owned, contractor-operated facilities. These are industrial plants where DOD is responsible for maintaining the facilities and the contractor just operates it.

We came out of that job, and we reported that we felt there was an opportunity for 20 percent energy reductions in those types of industrial facilities.

The information that we see in newspapers, magazines, industrial journals, and so forth, still supports the 20 percent. I think the President in his Executive Order 12003 is shooting for a 20-percent reduction in existing facilities. That is what the 10-year plan ties back to.

We support the 20-percent and the 45-percent reduction for new buildings that are going to be built.

I think our work has made it pretty clear that 20 percent is a target to shoot at.

Mr. KOSTMAYER. And you therefore apply the 20 percent not just to these particular facilities but across the board, as far as DOD is concerned?

Mr. WELKER. Yes sir.

Mr. KOSTMAYER. So it is fair to say that 20 percent of all the energy which the Pentagon is using is wasted?

Mr. WELKER. We think it could be saved, yes sir.

Mr. KOSTMAYER. But you agree that 20 percent of all the energy the Pentagon is using is wasted?

Mr. WELKER. Yes sir.

Mr. KOSTMAYER. We figure out that cost the same way, Mr. Peach, by multiplying that figure by about \$15?

Mr. PEACH. Yes. I think that is fair.

The question is in terms of its effect on the balance of payments, because we have to bring into account all the oil we have to import.

Mr. KOSTMAYER. So, would you agree with the statement that the Federal Department of Energy in this country is probably doing more harm than good in the area of energy conservation and saving?

Mr. PEACH. No. I guess I would not want to characterize them in a position of doing more harm than good. They do have a lot of people working in the area. I would certainly hope, out of those people's efforts, that some good is coming.

We have found them to be, on the other hand, deficient in terms of what we think they ought to be doing to provide leadership, not only in this program but across the board.

Mr. KOSTMAYER. Thank you, Mr. Chairman.

I would just like to say that the greatest division which could occur would be a separation of the Secretary of Energy from the Department itself.

Thank you very much.

Mr. MOFFETT. The Chair thanks the gentleman from Pennsylvania.

You will note that the gentleman from Pennsylvania, Mr. Peach, is talked about very frequently here—about how young he looks. He is still giving people grades, so he is not that far removed from that environment. [Laughter.]

The Chair would like to ask a few questions, Mr. Peach.

From what I gather from your testimony of the larger picture—and I think my colleagues on the subcommittee have more or less touched upon this—it seems that the management role that the Department of Energy should be playing, in your view, is certainly not being played in any significant way.

Is that correct?

Mr. PEACH. That is correct.

Mr. MOFFETT. And that part of this is that they obviously do not have enough clout—the people who are specifically assigned the task of carrying it out. This handful of people does not have the clout to make other agencies measure up.

Mr. PEACH. I think that is correct.

If you look at the organization chart, with the Federal energy management program located within the Office of Conservation and Solar Applications, you find it is sort of two or three tiers down below the level in terms of where its focus is.

Mr. MOFFETT. So, it is not at a high level.

And, as you have noted, from the very top of DOE to these functions for these functions, it is a long way. Is that correct?

Mr. PEACH. That is correct.

Mr. MOFFETT. In terms of the Department's bringing in from the outside the best available advice on what could be done, you have obviously done a great deal of work, and your staff has done a great deal of work, on some of the possibilities.

To what extent has the Department looked outside, not necessarily through their contracting authority, and to what extent are they in touch with, in the first instance, what might be called the technical or easier kinds of moves to save energy—things that are generally known in the private sector, for example? To what extent are they in touch with those—the basics, more or less?

Also, to what extent are they in touch with what might be called the more or less futurist, more far reaching, more visionary kinds of things that perhaps are not being done very much, where they could really be leaders?

Have you analyzed the extent to which they have this outreach and the extent to which they are in touch with conservation experts, so to speak?

Mr. PEACH. I would say two things to that.

I would say they are in touch. They do have an opportunity. There is a great deal of information in different places on what the opportunities are in various areas. But where we have not seen as much effort is in terms of taking this information and looking at it from a standpoint of where we should be placing our priorities and providing a little clearer guidance on what are the things which are opportunities we can best avail ourselves of to achieve the best savings for the investment, and providing that kind of management and leadership, both in this Federal energy management program and in terms of an overall national energy conservation strategy.

This kind of problem, I think, in DOE's energy conservation program relates not just to this Federal program but, in a larger measure, to its overall development of a strategy with respect to energy conservation for the Nation.

Mr. MOFFETT. The GAO, as has been noted here, has issued a number of fine reports in this area. One was issued on January 5 of this year and addressed the issue of energy conservation in transportation in the Federal Government.

It is my understanding from that report and other information that 55 percent of the energy consumed by the Government is used for transportation. Is that correct?

Mr. PEACH. That is correct.

Mr. MOFFETT. The Executive Order 12003 which calls upon every Government agency to submit a conservation plan to DOE also would include transportation, would it not?

Mr. PEACH. That is correct.

Mr. MOFFETT. So, it requires the agencies to focus on the question of transportation.

Is there any one of this FEMP office that has responsibility specifically for transportation energy conservation?

Mr. PEACH. No, not to my knowledge. I might ask Mr. Welker if he has anything to add to that.

Mr. MOFFETT. I would be happy to hear from him.

Mr. WELKER. No; I have nothing to add.

Mr. PEACH. So, there is no one who really has responsibility specifically for the transportation sector.

Mr. MOFFETT. Could you just list for us the kinds of things that you find they could be doing in transportation that they simply are not doing?

Mr. WELKER. I think we included in our report some of the information that we came across in our work in this area that Douglas Aircraft Co. was doing. They were going heavily into maintenance, driver training and retraining, and so forth, and achieving significant reductions in vehicle gasoline consumption.

We have seen in our work—and I think this is a result of an Executive order also—where the Government now is moving toward using light sedans, compacts, and so forth. GSA is moving in this direction.

I think another area in which the Federal Government could move—and I have an indication that perhaps DOE is considering—is into the light truck area. There are many opportunities for using light trucks such as in the national parks and around military bases. They could go to a lighter type of vehicle.

These are some of the things we have found.

Mr. MOFFETT. The Douglas Aircraft example that you cite—could you be a little more specific and tell us something more about the particular kinds of savings that come from, for example, more efficient driving techniques being taught?

Mr. WELKER. I think that driver education, at least at first glance, is not the kind of thing you would think of that would save a lot of energy.

Mr. PEACH. Again, I think you get back and throw out—as I recall—the magic kind of figure of 20 percent, but they had the feeling that they were getting that kind of energy savings as a result of the vehicle maintenance and driver education things combined. They felt that was achieving that savings. They had pretty good documentation on teaching good driving habits—the right kinds of driving habits where you could achieve substantial energy

conservation. They really insisted on their employees following through on it.

Mr. MOFFETT. Did they say that they feel they make about \$90 in savings in energy for every dollar invested in the program?

Mr. PEACH. That is the figure they used. That is the figure right out of their publication. They indicated that, and I think they used a percentage just under 20 percent in terms of the energy they thought they were conserving.

Mr. MOFFETT. And there are a number of other measures that they have adopted—is that correct—not only driver education?

Mr. PEACH. That is right.

Basically, they go back to looking at the driver and improving their maintenance function on the vehicle, and the other aspect of the driver training was that you try to follow through, not just have it on a one-time basis but have refresher kinds of training of the driver to keep them up to date on what they wanted to do and remind them of the fact that they wanted them to follow these driving practices.

Mr. MOFFETT. They even have devices which alert the driver to the need to downshift at a certain time, for example.

Mr. PEACH. Those kinds of devices are used, yes.

Mr. MOFFETT. To come back to the bigger picture of transportation, then, there is virtually no transportation conservation program in the Federal Government today of any significant size.

Mr. PEACH. That is correct.

The extent that anything is happening is only because an individual agency has decided to push something in their area, but we do not know of any major efforts underway of that type—of the size and type of the McDonnell Douglas project.

Mr. MOFFETT. We appreciate this, and from what I can gather from the comments of my colleagues, we sympathize and agree with your statement of lack of coordination—that certain agencies are doing things that seem to make sense.

Is there anybody in one place who is keeping a watch on the things that are working best or not working best? Is this FEMP office at least doing that much?

Mr. PEACH. We have not found that.

As I go back to the examples we have seen, there really is not that kind of effort to be aware of what are the things that are working best, seeing that they get publicized out to other people, trying to see that those kinds of opportunities are in more widespread use.

Mr. MOFFETT. Do my colleagues have any additional questions?

Mr. STANGELAND. I have one question, Mr. Chairman.

Mr. MOFFETT. The gentleman from Minnesota is recognized.

Mr. STANGELAND. I realize that in this responsibility of energy conservation, the buck stops somewhere. But, in looking back, I note that the DOE was established about 18 months ago. If you give them the need to reorganize, relocate, and get settled down after becoming a Cabinet-level umbrella agency, they probably have been in operation for about 1 year. Yet, the Energy Conservation and Policy Act has been in operation for going on 4 years.

In your investigation, could you see any increased activity or any improvement in the past year over the previous almost 3 years? In

other words, are we quick to condemn the leadership of DOE for inaction and perhaps doing it before they have really had time to get this thing sifted out and on line?

Mr. PEACH. I would think the criticism is still warranted. Let me state a few reasons for that.

The Department of Energy is made up of predecessor organizations that did exist and had this mandate before this date, and most of the people came over from those organizations that are actually involved at the organizational level. The mandate also came over.

Another factor in terms of the emphasis and concerns about getting direction into the conservation area and solar applications in total was that a considerable amount of time passed before an Assistant Secretary was appointed in the area. That obviously is a problem in terms of a leadership gap for a significant period of time. Yet, the Under Secretary was there, and he had an overall responsibility in this area.

But in some measure, I had a general feeling that the conservation program stood still for many months while awaiting the appointment.

Since that time, they have been undergoing organizational efforts for some months, deciding how they want to organize in this area. They just recently—in March—came out with their first organization chart under the new Assistant Secretary and, as I mentioned earlier, they indicated in earlier comments on a report that they were going to consider what to do with the Federal energy management program and how to get it going as a part of that review.

The consideration that took place resulted in reducing the number of people devoted to that program and reducing its budget, so I do not see that they are going to give it much more emphasis now.

Mr. STANGELAND. I appreciate that. I suspect that there apparently was not much activity in the previous 3 years, and they are more or less starting from ground zero at this point in time, and they have probably been very slow to move, but the bureaucracy is sometimes very slow to move, and it is unfortunate. We will have to help it speed up.

Thank you, Mr. Chairman.

Mr. MOFFETT. The Chair now recognizes the majority counsel, Mr. Galloway, for questions.

Mr. GALLOWAY. Thank you, Mr. Chairman.

Mr. Peach, your statement only reflects fiscal years 1976 and 1977 Federal energy use data. Do you have more current information?

Mr. PEACH. We have some more current information, but we did not use it because we were not quite sure about its reliability at this point. It is tentative, preliminary data furnished to DOE. It indicates that Federal energy consumption in-house is increasing this year at a greater rate than even last year—about 4 percent. But the figures, I guess, can be considered unreliable at best because there also is a lot of shifting of baselines taking place. In other words, agencies are beginning to report certain kinds of data now that they were not reporting in previous years. So, you have

the problem of needing to reconcile and look at the data very carefully, deciding whether you are looking at apples and apples or apples and oranges when you compare one year to another.

Mr. GALLOWAY. The Department of Energy does not know whether current Federal energy use is on the increase, decrease, or remaining stable. Is that your testimony?

Mr. PEACH. I think that would be correct, essentially. You have to wash out all these kinds of data so that you have consistent information to compare from one year to the next.

Mr. GALLOWAY. Thank you, Mr. Chairman.

Mr. MOFFETT. The Chair recognizes the minority counsel, Ms. Sands.

Ms. SANDS. Thank you, Mr. Chairman.

I would just like to follow up on one or two things that Mr. Stangeland covered.

He talked about the most effective conservation projects you mention on page 10 of your testimony. You gave us a couple of examples.

I wonder if there is any supportive documentation at the DOE or with any of the other agencies as to why a specific project had not been funded, as opposed to some of them that were.

Mr. PEACH. I would like to ask Mr. Welker if he would add to this. In a sense, the way we got our information was by going out and doing work at each of the individual agencies; in other words, going to the Veterans' Administration, going to the Environmental Protection Agency, and looking at the support behind what they had been requesting for energy conservation.

As we began to compare the data we gained from one agency or another, we saw projects that, based on the documentation and information, looked to be better conservers of energy for the dollars spent than projects that were being funded in other agencies. This was not by getting it through the Department of Energy, but by going out and gathering the data ourselves.

So, to answer your question, it was not at the Department of Energy. We had to go and gather it, agency by agency.

What happens—of course, the Department of Defense, as I mentioned earlier, is the biggest energy user, and it does have something called the energy conservation investment program that it has been running for some years. It gets millions of dollars into that program. Millions of dollars in comparison is not all that much as you look at the Department of Defense budget; whereas, in the Environmental Protection Agency budget, they may have a good project, but somehow or another it is a little smaller budget, and that energy conservation item is not looked at as being important enough to stick in their budget as they go through the budgetary review process.

If someone were having a little more oversight, saying, "The Government wants to invest x million dollars in energy conservation next year, where are the best opportunities for us to use this money?" This is the kind of thing that needs to happen.

Ms. SANDS. I have just one other question which has to do with DOD's expenditures. You said there are approximately \$68 million in funds that should have been used for conservation efforts that were used for other purposes.

Could you give us some examples of what those uses were, for the record? For the sake of time, perhaps you could give us a couple of examples and then provide the others for the record, if that is all right with the chairman.

Mr. MOFFETT. That would be fine.

Mr. PEACH. We could provide some information for the record on that.

There was money which was used for environmental programs as opposed to energy conservation related programs. There were other kinds of buildings and construction projects. We can provide that information for the record.

Mr. MOFFETT. Would you do that?

Without objection, it will appear in the record at this point.
[The material follows:]



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

ENERGY AND MINERALS
DIVISION

MAY 18 1979

B-178205

The Honorable A. Toby Moffett
Chairman, Subcommittee on Environment,
Energy and Natural Resources
House Committee on Government Operations

Dear Mr. Chairman:

In hearings conducted by your Subcommittee on April 24, 1979, regarding energy conservation within the Federal Government, we agreed to provide, for the record, some examples of cases where funds requested for energy conservation projects were used for projects in other areas. Following is a brief summary of these cases.

During hearings on the fiscal year 1979 Military Construction Appropriation, Congressional concern was expressed about the numerous problems cited in our report on the Department of Defense (DOD) Energy Conservation Investment Program (ECIP). The House Armed Services Committee directed DOD to review the program and provide a report to the Committee by March 1, 1979. In response, a Defense Audit Service (DAS) report dated February 28, 1979, was issued and shows that, among other things, ECIP funds totaling about \$68 million over the three years ending September 1978, had been spent for non-conservation purposes. These funds amounted to about 20 percent of the ECIP budget (excluding family housing) for the three-year period. In general, the funds were used for other military construction projects which would not save energy.

Projects for which the Congress appropriated \$28 million were cancelled and the funds were used to complete other construction projects. For example:

- Four ECIP projects at Wright-Patterson Air Force Base valued at \$3 million were cancelled and the funds were used to pay for increased construction costs on an air pollution abatement project.
- Two ECIP projects at Wurtsmith Air Force Base were cancelled and the \$300,000 authorized for these projects was used to complete construction of a waste treatment plant.

B-178200

In other cases, DAS reported that the estimated cost of ECIP projects planned for this three-year period was about \$40 million less than authorized by the Congress. The \$40 million resulted from cost underruns and project scope reductions. The funds not used for ECIP projects were generally reprogrammed to offset cost overruns on other approved construction projects. For example:

- In fiscal year 1977, the Army received \$6.8 million of ECIP funds to convert the heating system at Fort Leonard Wood. During the design phase, the project's scope and cost were reduced to \$834,000. Of the reprogrammed funds, \$929,000 was used to complete new barracks at Fort Campbell and modernize the Fargo Building in Boston. Another \$1 million was used to complete projects at the Walter Reed Army Medical Center.

In commenting on the DAS report, the Deputy Assistant Secretary of Defense (Installations and Housing) generally agreed with the findings and advised DAS that his office would:

- Establish administrative limitations to restrict the use of funds to energy conservation projects.
- Direct military departments to monitor projects more closely.
- Establish a reporting procedure for ECIP.

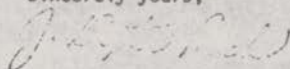
Similarly, during our evaluation of the Department of Energy's (DOE) draft 10-year plan for retrofitting Federal buildings and facilities, we noted that the General Services Administration's (GSA) Region IX had used funds earmarked for energy conservation for other purposes. For example, in fiscal year 1977, four projects valued at about \$374,000 were cancelled or postponed. Region IX officials advised us that these funds were reprogrammed for other repair and alteration projects. In discussing this problem with GSA officials, we were informed that their accounting system was to be changed in fiscal year 1978 to provide greater control over energy conservation funds. Recently, however, we learned that GSA still cannot ensure that funds earmarked for energy conservation projects are being used for that purpose.

Notwithstanding the views expressed by DOD and GSA officials that corrective actions could be taken administratively on this matter, we believe that a centralized review and funding system through DOE offers the best opportunity for the Federal Government to assure that projects with the greatest potential for energy reductions are selected, funded, and actually implemented.

B-178205

If we can be of any further assistance to you or your Subcommittee, please let us know.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "J. Dexter Peach".

J. Dexter Peach
Director

Ms. SANDS. I have no further questions, Mr. Chairman.

Mr. MOFFETT. Thank you.

Mr. Peach, before we let you go, I would like to very quickly go over the list of DOE failures to date in meeting its legal obligations. I want to be sure we are correct in this, in your eyes and on the basis of your research.

No. 1, the 10-year building conservation plan called for in 1975—that plan is not in place, is it?

Mr. PEACH. No. It is not. As I said earlier, we thought they were closer to having an effective plan in June 1977 maybe than they are today.

Mr. MOFFETT. OK.

No. 2, the guidelines for life cycle cost analyses for use in determining the cost effectiveness of building and conservation measures called for by President Carter in 1977—those are not in place, are they?

Mr. PEACH. No.

Mr. MOFFETT. The mandatory lighting, thermal, and insulation standards called for EPCA in 1975—those have not been adopted, have they?

Mr. PEACH. No; they have not.

Mr. MOFFETT. No. 4, the overall agency conservation plans as called for by President Carter for review by DOE—have those plans been drawn up, and are they being reviewed by the Department of Energy?

Mr. PEACH. No. Several agencies have developed the plans, but they have not formally submitted them to the Department of Energy.

I would like to add a point on your previous question regarding the lighting standards. I should clarify that we had indications, in the work we did, from the Department of Energy that there were some technical problems with respect to the way the legislation was drawn that might affect the development of these standards.

Our answer to that was to say:

If there are problems in legislation, then you should be seeking legislative change so that you can go forward with getting these standards developed rather than just sitting back.

Mr. MOFFETT. And they have not sought those changes, to your knowledge?

Mr. PEACH. No.

Mr. MOFFETT. No. 5, section 381(c) of EPCA of 1975 requires the DOE to provide Congress with an annual report on its progress in implementing EPCA. Have these reports been submitted to the Congress?

Mr. PEACH. You got a report for fiscal year 1976. It was submitted finally in April 1978. The annual reports for fiscal years 1977 and 1978 have not yet been submitted.

Mr. MOFFETT. OK.

No. 6, the National Energy Conservation Policy Act passed last fall requires a report to Congress by DOE of preliminary energy audits for all Federal buildings of over 30,000 square feet. Have those guidelines been released by DOE?

Mr. PEACH. No. They have not been released yet. I understand they are due to be published in the Federal Register for comment imminently.

Mr. MOFFETT. No. 7, this deadline will not be met by August as far as you can tell?

Mr. PEACH. I believe that is correct. If you are just publishing it in the Federal Register, and you have to go through comment, revision, and issuing them out in final form, you would probably be lucky to get the guidelines out in final form by August, much less the results.

Mr. MOFFETT. So, they are clearly behind on that.

Mr. Peach, the subcommittee appreciates your testimony, and, I think more importantly, the hard work that you and your office have done in this area over a significant period of time.

We thank you for your testimony today.

Mr. PEACH. Thank you, Mr. Chairman.

Mr. MOFFETT. The Chair will now call on our next panel from the Department of Energy: Mr. Lane, Mr. Brumby, and Mr. Vitullo. Gentlemen, please remain standing momentarily.

Would you each identify yourselves for the record?

STATEMENT OF PAUL G. BRUMBY, DIRECTOR OF FEDERAL PROGRAMS, DEPARTMENT OF ENERGY; ACCOMPANIED BY CHESTER R. LANE, ACTING DIRECTOR, DIVISION OF ENERGY CONSERVATION PERFORMANCE; AND JACK A. VITULLO, PROGRAM OFFICER

Mr. BRUMBY. I am Paul Brumby, Director of Federal Programs, Department of Energy.

Mr. VITULLO. I am Jack Vitullo, Program Officer.

Mr. LANE. I am Chester Lane, Acting Director, Division of Energy Conservation Performance.

Mr. MOFFETT. Would you each raise your right hand and swear to tell the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. BRUMBY. I do.

Mr. VITULLO. I do.

Mr. LANE. I do.

Mr. MOFFETT. Thank you. Please be seated.

Before we proceed, I would like to state to my colleagues that these witnesses are program managers, as I am sure you know, within the Department of Energy. They do not make policy. Consequently, they have not been asked to deliver any opening statements. The members, therefore, should be careful not to direct policy questions to these witnesses who have been asked to testify only as to their firsthand knowledge of the workings of the FEMP program.

The Chair recognizes Mr. Galloway, the majority counsel, for opening questions.

Mr. GALLOWAY. Gentlemen, I would like first to establish how you three relate to the FEMP program.

Mr. Lane, you are not part of the FEMP program, but the people in FEMP report to you. Is that correct?

Mr. LANE. That is correct, sir.

Mr. GALLOWAY. And you, in turn, report to Maxine Savitz, the Deputy Assistant Secretary for Conservation and Solar Application.

Mr. LANE. That is not correct. I report to the Director of the Buildings and Community Systems Office.

Mr. GALLOWAY. Who, in turn, reports to?

Mr. LANE. The Assistant Secretary, Ms. Walden.

Mr. GALLOWAY. And ultimately, up the chain, you report to Dale Myers who is the DOE Under Secretary. Is that right?

Mr. LANE. That is right.

Mr. GALLOWAY. Mr. Brumby, you head up the FEMP program and report to Mr. Lane. Is that correct?

Mr. BRUMBY. That is correct.

Mr. GALLOWAY. And Mr. Vitullo, you work for Mr. Brumby and are responsible, among other things, for the preparation of the Department of Energy's annual report to the President on energy savings within the Federal Government. Is that correct?

Mr. VITULLO. That is correct.

Mr. GALLOWAY. Mr. Lane, am I correct in stating that there has been considerable discussion within DOE and throughout the Federal Government concerning how active a role DOE should play in promoting conservation within the Federal Government?

Mr. LANE. Yes, sir.

Mr. GALLOWAY. And there are those, for example, who hold to the view that DOE should adopt a "management" role in actively promoting conservation within the Federal Government pursuant to EPCA Executive Order 12003 and last year's National Energy Act. Is that correct?

Mr. LANE. Correct.

Mr. GALLOWAY. And others maintain that DOE should adopt a more passive role or a "reporter" role in simply reporting on the activities of the other agencies. Is that correct?

Mr. LANE. That is correct.

Mr. GALLOWAY. Opposition on the part of various Federal agencies to an active DOE role in energy conservation was made abundantly clear, Mr. Brumby, at a September 7, 1977, interagency meeting to discuss DOE's proposed guidelines relative to a 10-year building plan as called for in the Executive order. Is that correct?

Mr. BRUMBY. That is correct.

Mr. GALLOWAY. Mr. Chairman, I seek permission to introduce into the record at this point the minutes of the September 7, 1977, meeting between the FEMP staff and representatives of various Federal agencies.

Mr. MOFFETT. Without objection, it will be included in the record at this point.

[The material follows:]

FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

September 8, 1977

MEMORANDUM FOR THE FILE

FROM: GEORGE S. CHACONAS *lsc*
SUBJECT: 9/7/77 MEETING (9:00 a.m. - 12:00, 12th & Penn.,
5041) BETWEEN THE ATTACHED LIST OF AGENCY REPRESENTATIVES AND FEMP STAFF

Introduction

Bob Lane, Acting AAA made opening comments introducing some of the players to include Roy Niemela from OMB's Energy Office.

Paul Brumby followed by explaining that the draft guidelines are long, cumbersome, hefty and awesome, but the thrust and substance are correct. The guidelines are not intended to be a sales type document but rather a "code type document," with the intention to first provide information to the President and Congress re: Federal conservation activity; and second to lend themselves to budget reports. The document was also written to give the other agencies flexibility; meet EO requirements; provide a common denominator with which to judge agencies, and etc.

Mark Friedrichs was then given the floor. He said the NEA has passed the House and calls for other agency action more stringent than those of the EO. The Senate is expected to act within the month. In general, there is concern on the bill re: Federal conservation/FEMP.

Roy Niemela followed by saying that his purpose for being here (the first OMB appearance) is to "listen and learn." He said the OMB approach will be "slow and they will not tamper with budgets this year." Not much will be done in FY '79 but by FY '80, they expect to get out formal instructions (bulletin or incorporate them into A-11).

Brumby again took the floor beginning with an overview explanation of the draft guidelines. The emphasis was on Chapter 6 and the comments made included, in part, the following: base year is October 1 through September 30, 1975; existing building definition ties in with the GSA categories; audits will be conducted on all

d. DOT (L. Shipp) - FEA is treating us like children while in fact we are professional engineers. FEA is not competent enough to tell DOT "how to;" and based on FEA direction DOT can't further direct FAA or the Coast Guard....

e. DOD - Audits, metering, etc., should be described as tools only...Ask if FEA wants to keep data on each building? Brumby, yes eventually if this were possible. Negative reaction to this....

f. Audits are costly and don't save one Btu. If audits do in fact tell you something different than what is already known a mistake has been made. Useless exercise.

g. DOD has 1 1/2 billion already committed to conservation and does not want new-to-the-game FEA to tell them how to spend.

h. DOC are not big energy users but can't conduct audits as required in the draft as they don't have the people and technical expertise.

i. EPA has no money for retrofit much less audits.

j. Guidelines put agencies on the defensive; if they can't comply they have to explain why. Why not a sampling approach as was recommended by the committees?

k. DOD - we will comply with the EO but not the guidelines as drafted. Do not want to be forced to "stonewall" but they will if necessary....

FEMP reaction to above comments supplied by Brumby, Friedrichs and Boulin.

a. Our intent, as is directed in the EO, is to collect information. We offer two levels of exception so the requirements are not as tough to comply with as it may seem at first glance.

b. "Big guns" at FEA did not turn working group efforts around; interpretation was within the FEMP Office. The guidelines need editing, once this is done it will not appear as if we are asking for a paper mill exercise. We have not tossed out working group input and in fact intend to talk to the big six starting Friday on a one-on-one basis. DOI and DOT asked to also be included....

buildings of 30,000 gross square feet and above on "the best basis possible" by July 1, 1980; by 1984 audits done on all buildings down to 1,000 gross square feet; guidelines will eventually tie into HUD and ASHRAE standards; other guideline sections addressed broadly....

Discussion

Paul Brumby then called for limited discussion. What followed did include, but was not limited to the following:

Before discussion began J. Miley from DOD made a statement. He saw no reason to discuss the guidelines in detail as they are "unacceptable." He said the guidelines are a total departure from the working group inputs. Although DOD has devoted a lot of time and effort to guideline development their role has been ignored. Example, DOD prepared a detailed analysis of the 26 issues but never given the opportunity to discuss same with FEA.

- a. Guidelines tell agencies "how" and DOD does not think FEA, the early arrival, is competent to do this.
- b. See no value to a large data base.
- c. Chapter 6 of the guidelines seen as sub-professional, not even addressing normal budget procedures.
- d. NASA and VA echoed DOD's preliminary statement....

NASA - Within the limits of available resources they do the best they can re: conservation. The data requirements of the guidelines won't allow them to continue what programs they have begun. They don't like being forced to collect data that they can't use - 35 of the 80-page guidelines address audits/data collection methods. Why? In the EO audits are addressed in one paragraph. NASA said, however, they will furnish data if there are supplemental resources, otherwise not....

General comments on the audit issue:

- a. DOD - "you have written the plans backwards as it excludes 98% of the facilities". VA concurred saying there has been a complete 180° since initial working group discussions.
- b. GSA - the guidelines are not guides at all but regulations.
- c. L. Schindler (DOD, LCC Working Group) - the group did agree on an "every escalation approach" but in the guidelines there is a change, why? Brumby responded saying new FEA projections are coming out and he sees no need for other agencies' independent price projections. DOD took violent exception.

c. Preliminary energy audits are intended to get the worst offenders first as Congress directs. GSA agrees this is what Congress is asking for but perhaps they should be told auditing is silly. Additionally, Congress wants info on a building basis and not by facilities... Maybe unrealistic.

d. The Federal Government does not know how much energy it uses in buildings...the guidelines only zero in, at first, on 2% of the buildings.

e. Even knowledgeable people make errors in estimating energy use often to the tune of 150%.

f. We can't tell the President we won't comply with his direction. We will have to audit...FEA, OMB needs a basis for analysis.

1. It was again suggested that sampling be the approach.
2. Another other agency suggestion was to use past efforts like A&E surveys as audit information source.
3. Suggested to do it on a facility basis (despite Congress).

g. Boulton asked how many audits have already been done? The big energy users answered that much effort has already been devoted to this...so what's the problem?

Other discussions included:

TVA says the guidelines penalize agencies that already have a good program. They have reduced by 34% and would have to get 80% if they are to meet the goals.

Appendix Regarding Agency Plans - why a life history and mission outline of an agency? NASA suggested throwing this out.

FEA intent is to focus on data already available (F. above) and not to create a data bank. Perhaps this idea needs to be better articulated in the next draft guidelines.

DOD asked what is the FY 79 baseline as discussed on pages 6-53, 6-56? Answer: for "all buildings energy use, as existed in 1975." FEA wants a single base while the other agencies see this approach as comparing apples and oranges....

VA said they can't get the 45% because of the high energy use of hospitals. The aggregate is what FEA seeks....

Other agencies want some "degree of confidence that the next draft contains the proper direction." FEA said neither FEA or the other agencies will be totally happy, but efforts will continue for the drafting of an acceptable document, with other agencies given opportunity to comment. A super polish job, however, with the November 1 and subsequent deadlines will not be possible.

DOD called for a schedule of FEMP activities. If FEA can't provide this and hold themselves to it (several schedules have already slipped) a loss of confidence could result.

Mr. GALLOWAY. NASA, Mr. Brumby, has been traditionally opposed to DOE's playing a lead role in conservation within the Federal Government, as reflected, for example, in the May 3, 1978, letter from NASA to Under Secretary Myers. Is that correct?

Mr. BRUMBY. I think that is a fair characterization.

Mr. GALLOWAY. Mr. Chairman, I would like also to introduce this May 3, 1978, letter into the record and draw attention to the sentence on page 2 where NASA holds to the view that "analysis and implementation should be clearly left with the various Federal agencies in calling for a simplistic interpretation of the Executive order and current legislation contained in the National Energy Act, with reporting being kept to a minimum of summary data."

Mr. MOFFETT. Without objection, the letter will be included in the record at this point.

[The material follows:]



National Aeronautics and
Space Administration

Washington, D.C.
20546

Reply to Attn of:

BXC-9

MAY 3 1978

Mr. Dale D. Myers
Under Secretary
Department of Energy
Washington, DC 20545

Dear Dale:

Let me use this opportunity to extend my congratulations to you on your appointment as Under Secretary for the Department of Energy (DOE). DOE is very fortunate in having your capability available to help solve this country's serious and, perhaps, most critical problem of energy.

With respect to energy conservation, I guess that our NASA performance has been reasonably good and we have developed a broad base of experience in this energy reduction world. We have a very active in-house energy management program which, since FY 1973, has reduced our consumption by 32% with our established goal of 50% by FY 1985 still being viable. As you can realize, this program has required much effort on the part of the NASA Facilities Division at Headquarters and field installation personnel. However, we feel that the dividends are large and energy conservation is a required element in conducting business in today's environment. As the enclosed brochure cites, energy reduction is no longer an option, it's a must! This brochure also contains additional information concerning our program.

In any event, and to get to the major point of this letter, since last summer, we have been working with the now titled DOE Office of Conservation and Solar Applications, along with other agencies, assisting in the development of Federal guidelines for a Federal Energy Conservation Program. This effort was precipitated by Executive Order No. 12003. Unfortunately, in my view, these efforts, which now extend over some eight months, have not produced what I feel is an effective and workable proposed Federal energy management system. Instead, there appears to be developing a legalistic and narrow interpretation of the Executive Order and pending provisions of the National Energy Act (NEA) that would be counterproductive. In today's austere environment, such an approach will not help the cause of moving the Federal Government into the forefront of energy conservation. More importantly, for that matter, I can't see really that the proposed guidelines would satisfy the intent and what looks like the spirit of the Executive Order.


Present DOE drafts, that we have been recently furnished, appear to emphasize an exhaustive data reporting system and excessive detail of proposed Agency plans. It is my opinion that analysis and implementation should be clearly left with the various Federal agencies and a (broad) simplistic interpretation of the Executive Order and current legislation contained in NEA should be made with reporting being kept to a minimum of summary data. For example, currently, we furnish DOE a quarterly consumption report of eight total commodities of energy consumption. We feel, for example, that the addition of gross square footage and associated energy consumption to the present report would satisfy a "tracking system" that would measure the Agency's compliance and progress towards the President's goal. As proposed to us by DOE, the draft audit report presently can contain, with the inclusion of NEA provisions, as many as nine pages and requests data that we do not have and would have to deliberately construct for no other purpose than to complete the form. This does not seem to be in keeping with the reduction of reports and paperwork objectives of the Government. Of more value to us, and I am sure to the other agencies, would be the establishment of some resource guidelines that might ease the further acceptance of energy conservation investments into the budget.

I know that you will consider this as a sincere attempt to assist in what I feel is a very important aspect of the nation's total energy conservation efforts. I only bring it to your attention so that, hopefully, something can be done before this potential disaster is "cast in concrete!"

I will be glad to discuss this further with you or furnish additional information.

Again, our very best wishes to you.

Sincerely,


R. H. Curtin
Director of Facilities

Mr. GALLOWAY. Mr. Lane, on August 17, 1978, you telephoned a Mr. John Young who, at the time, was Deputy Under Secretary for Under Secretary Dale Myers, regarding the FEMP program, did you not?

Mr. LANE. I thought he called me, but you might be correct.

Mr. GALLOWAY. Following your conversation with Mr. Young, you wrote a note concerning that conversation. Is that correct?

Mr. LANE. Yes, sir.

Mr. GALLOWAY. Mr. Chairman, I seek permission to introduce Mr. Lane's note into the record at this point.

Mr. MOFFETT. Without objection, it will be included in the record at this point.

[The material follows:]

August 17, 1978

Note to Paul Brumby:

Beattie called for you, I took call; he says Young asked status of OMB talks. I told him and he told me to call Young.

Young says his "watch list" from OMB says FEMP still open issue and program people don't know what they want. I told him we disagreed with examiner notion of program and were going to brief Omi. He said there could be no "issues" because he agrees with OMB this program will be as simple and "light-handed" on the agencies as man can devise. "You apparently don't understand what the Front Office wants." I asked if it would trouble him if we couldn't track toward 20 and 45 percent, or have common definitions, or base years (CY vs. FY) or "buildings." He said not if it didn't affect 20 and 45 percent. He clearly supports the examiner's notion of the program.

Let's get a request in to Omi for an hour's briefing with her and Young (and PE?), so that the management understands and agrees on the implications of this approach.

Bob
C. R. Lane

cc: Donald A. Beattie
Maxine Savitz

Mr. GALLOWAY. Reading from your note, Mr. Lane, I see where Mr. Young sided with OMB and the other agencies in stating that the FEMP program "will be as simple and lightheaded on the agencies as man can devise," and that you, Mr. Lane, apparently "don't understand what the front office wants."

Whom did you understand the front office to be in this instance, Mr. Lane?

Mr. LANE. The Under Secretary's office.

Mr. GALLOWAY. Dale Myers?

Mr. LANE. Yes, sir.

Mr. GALLOWAY. Let me see, Mr. Lane, if I can put the situation in perspective with four short, final questions.

No. 1, Congress and President Carter have both called upon DOE to play an active role in conserving energy throughout the Federal Government. Is that correct?

Mr. LANE. Yes, sir.

Mr. GALLOWAY. No. 2, agencies throughout the Federal Government have not been eager for DOE to assume those responsibilities. Is that basically correct?

Mr. LANE. In my personal opinion, that is true.

Mr. GALLOWAY. No. 3, agency opposition to a vigorous FEMP program has contributed to DOE's failure to meet various statutory responsibilities in this area. Is that correct?

Mr. LANE. It is a contributing factor—yes.

Mr. GALLOWAY. Finally, No. 4, to the best of your knowledge, Mr. Lane, your superiors within DOE have sided with the agencies in calling for a FEMP program which "will be as simple and light-handed on the agencies as man can devise." Is that correct?

Mr. LANE. That is a very difficult question. You have used phraseology that I would not use if I were asking the question.

May I rephrase the question for myself and then answer?

Mr. GALLOWAY. Please do.

Mr. LANE. This complex issue is oversimplified by calling it a reporter's role on one extreme and a central strong manager's role on the other extreme. Various people have held those extreme viewpoints.

It is my opinion that the Department of Energy has decided on a role that is closer to the reporter's role.

Mr. GALLOWAY. Let me clarify that just in terms of what is in this memo.

Mr. Young, who was Dale Myers' principal assistant, told you that the front office wanted a program as simple and lightheaded on the agencies as man could devise.

Mr. LANE. Yes, sir.

Mr. GALLOWAY. Thank you.

I have no further questions, Mr. Chairman.

Mr. MOFFETT. The Chair recognizes the gentleman from Minnesota.

Mr. STANGELAND. Thank you, Mr. Chairman.

Who is the chief up here—Mr. Lane or Mr. Brumby?

Mr. LANE. Mr. Brumby is the chief of the Federal Programs Office. He is the first-line supervisor of this program.

Mr. STANGELAND. I see.

How do you perceive your role within the DOE?

Mr. BRUMBY. Currently it is to gather and report data, to provide program and energy conservation information to other Federal agencies, and offices in the Department and to report on Federal energy savings with the intent that it is to be transferred to State and local communities.

Mr. STANGELAND. While you are not at the policymaking level, do you have an opportunity to have input into policy, or should I say maybe it is not policy so much as specific programs of energy conservation? Are you in charge of developing special conservation programs, or is that an upper level decision that is made and then you, effectively, try to carry it out?

Mr. BRUMBY. It is more the latter, sir. It is more carrying out rather than developing.

Mr. STANGELAND. Are you accorded the opportunity to make suggestions as to what, in your program management, might be more effective types of conservation programs, or is that not a role of FEMP?

Mr. BRUMBY. It is, but it is a self-initiated role. It is not something that I normally participate in.

Mr. STANGELAND. Do you think that the FEMP staff has received adequate support from the DOE management to perform effective conservation programs?

Mr. BRUMBY. To perform what we are asked to perform and implement now—yes, sir, we are adequately staffed and funded.

Mr. STANGELAND. Can you give us any indication as to what you believe has been the cause for the delay in issuance of the various energy guidelines and various conservation programs?

Mr. BRUMBY. I have used the analogy, when asked that question of how we got into Vietnam; very slowly with management concurrence all along the way.

The Federal Energy Conservation planning guidelines that I think you are specifically referring to are those that the President asked in the Executive Order 12003 to be issued by November 1, 1977.

You will recall that the Department of Energy was created in October of that year. We worked very hard from the end of July when the Executive order was issued until about September 1, when the guidelines started through the approval process within the Federal Energy Administration.

The Department was created on October 1. The period between September 1 and October 1 was very chaotic. It took almost 2 months to refocus on the guidelines. At that point, we had already missed the Presidential deadline and were approaching December.

At that point, the Congress was considering the National Energy Act which carried provisions parallel to the Executive order. There was a decision made within in the Department to structure the guidelines so as not to include not only the Executive order provisions but the anticipated NEA parallel provisions.

Thus the delay in the passage of the NEA carried with it specific delays in the guidelines.

These Federal planning guidelines have now been submitted. They were submitted to the Federal Register on Friday and will appear this Thursday in the Federal Register.

Mr. STANGELAND. The GAO mentions the fact that the Department of Energy has contracted out the responsibility to develop programs of energy conservation.

Can you tell us who those contractors would be, and is not the expertise present in the Department to develop the programs, or is it necessary to go outside of the Department for those kinds of programs?

Mr. BRUMBY. I believe the GAO was referring to the work to develop a 10-year Federal building conservation plan. We do not have any contractor that has the responsibility to develop it. That is a departmental responsibility.

We have an interagency agreement with NASA who, in turn, has allowed us to work with the Grumman Corp. Grumman has done some extensive facility audits for the Department and NASA. Grumman is currently working with us on the development of our 10-year building plan, but they do not have departmental responsibility for it.

Mr. STANGELAND. In your opinion, what has actually been accomplished with the guidelines since the creation of the NEA, not just that the guidelines have been published. Is there anything specific that has been accomplished?

Mr. BRUMBY. Yes, I think there has been.

Six months ago, at the time the guidelines were still being reviewed there was considerable discussion as to the amount and extent to which data would be collected from Federal agencies and the amount of guidance that would be provided in areas other than buildings and facilities. I think there have been some recent additions to these guidelines that address some of these more specific areas.

I think Mr. Myers will testify tomorrow to some of these aspects.

Mr. STANGELAND. Do you feel there have been any improvements in that field.

Mr. BRUMBY. I think that anything that strengthened these guidelines would be an improvement.

Mr. STANGELAND. I have just one last question, Mr. Chairman.

Do you feel that in order to accomplish your role within the DOE that you are adequately staffed and have enough personnel to fulfill your mission?

Mr. BRUMBY. We do believe we are adequately staffed to fulfill our current mission. It is my understanding from some recent conversations that, as a result of the strengthening of the guidelines, there may be some reconsideration, but currently we are staffed at an adequate level.

Mr. STANGELAND. I have no more questions, Mr. Chairman.

Mr. MOFFETT. The Chair recognizes the gentleman from Pennsylvania.

Mr. KOSTMAYER. The gentlemen heard the testimony of the General Accounting Office that approximately 20 percent of all the fuel which the Federal Government uses—20 percent of all the fuel that the Department of Energy uses—is wasted. Do you agree with that assessment?

Mr. BRUMBY. No. I think it is an overstatement.

Mr. KOSTMAYER. Could you explain?

Mr. BRUMBY. Mr. Vitullo who works on the reports and tracks Federal energy use will be able to answer that better than I.

Mr. VITULLO. I would like to answer that.

Mr. KOSTMAYER. I think the statement was that it was off by 150,000 barrels a day.

Mr. VITULLO. The statement was made was that it was wasted. This is a flat statement which we, of course, disagree with.

We are in the process of deliberately reducing energy use in the Federal Government in two areas: in buildings, and in general operations with emphasis on transportation.

However, in the agency discussed, DOD, the majority of energy used is in operational readiness—aircraft and ships over which we

have literally no control. That is a policy decision and we do not intend to exercise any control over these uses.

So, if you delete that portion of Federal energy consumed in operational readiness you are taking out of the program at least one-third to one-half of all the energy used. So, a 20-percent figure is an overstatement.

Mr. KOSTMAYER. You think it is high?

Mr. VITULLO. Very high. But let me give you some figures which I think are accurate.

We think you can make a 20-percent reduction in building use by 1985 with a concentrated, direct effort.

We think that you might be able to save another 10 to 15 percent in the areas other than DOD operational use provided there are not any significant increases in responsibilities—any new mission changes, any increases in strength of the Government. We are talking about the Coast Guard being required to patrol out to 200 miles instead of 3 miles—that sort of thing. We think that overall savings between 10 and 15 percent is possible to obtain by 1985.

Mr. KOSTMAYER. And to what extent is the Government, or even the Pentagon, meeting that standard of between 10 and 15 percent in savings now? Is there any way of estimating that?

Mr. VITULLO. No, not at the present time. You can get more direct information from the DOD, but they are working on maintaining their operational use with a no growth goal—and are trying to get a full 20 percent reduction out of their facilities and buildings.

Mr. KOSTMAYER. How would you characterize the testimony of the GAO that you heard this morning? Can you do that?

Mr. VITULLO. I would say that with the exception of a few of these statements, which I think could bear a little more scrutiny, the statements were fairly accurate.

Mr. KOSTMAYER. I asked Mr. Peach, for example, to grade the Department of Energy in its efforts to conserve energy, and he refused to give them a passing grade. Do you concur with that?

Mr. VITULLO. No.

Mr. KOSTMAYER. You do not concur?

Mr. VITULLO. No. I went to a hard grading school, and I do not concur.

Mr. KOSTMAYER. Are you able to give them a grade?

Mr. VITULLO. I would give them a "C."

Mr. KOSTMAYER. Your job, really, is to implement policy, not to make it. Are you able to implement policy?

Is this the policy that you are charged with implementing?

Mr. VITULLO. No. I think there is a little confusion here, Mr. Kostmayer.

We did issue the guidelines—the notice of proposed rulemaking—last Friday. It will be "on the street," as they say—in the Federal Register—by next Thursday. It has taken a long time, but this is what Mr. Brumby discussed in his allusion to how we got into this situation one step at a time.

Mr. KOSTMAYER. I understand. But it has been some time since Congress passed the legislation.

Mr. VITULLO. That is correct. We have had many draft versions.

Mr. KOSTMAYER. How about the levels of use by the Federal Government? How have they changed, for example, since 1975 in terms of consumption of energy by the Federal Government?

Mr. VITULLO. I cannot give you a complete answer. I can give you some indicators.

We do not have the precise data from all the agencies we need to measure progress toward the goals we are trying to reach. For example, the goal we are trying to reach is a 20-percent reduction in the average energy use for buildings—all Federal buildings. In agencies such as GSA, which runs a very tight ship, they have by 1977 reduced by 4.6 percent, which indicates that they will more than likely reach their 20 percent goal by 1985.

DOD has picked up about 2.5 percent.

So, from all the indicators we have, we are able to measure and indicate progress. However, almost 50 percent of the agencies do not have specific information from which to measure progress.

But all the indicators we do have say that there is progress in all areas. We do have problems in DOD, as I said, with the fluctuating operational readiness requirements, and that does make a difference in the year-to-year statistics.

Mr. KOSTMAYER. How about the overall use, say, from 1975 to 1978?

Mr. BRUMBY. Mr. Kostmayer, I would like to answer that.

To give you a perspective on that, 1975 is the year we use as the base year for measuring achievement of the Presidential goal. Also, the data is far better now than it was in 1973.

In 1975, we were using 293 million barrels of oil. Between 1975 and 1976, that dropped down to 276. Our information tells us that it has gone back up to 282—

Mr. KOSTMAYER. Which indicates that there is really no change at all in the past few years in the amount of energy used.

Mr. BRUMBY. But it is still below 1975. It did go up between 1976 and 1977, and between 1977 and 1978 it went back down to the 1976 level.

A preliminary indication for the first quarter of 1979—and this is very preliminary because GSA, the Postal Service and the Transportation Department, which are some of the larger users outside of the Department of Defense, are not included—looks like we are up about 2 percent over the first quarter of 1978. But I think GAO was correct in saying that these are not hard data. These are not numbers that have been audited.

Mr. KOSTMAYER. None of them are hard numbers, including those for last year?

Mr. BRUMBY. They are hard in the sense that they are the best numbers we have got. They are not hard in that we have not done an independent audit to verify them.

Mr. KOSTMAYER. But hard or soft, they indicate that the Federal Government has not made substantial reductions in its use of energy over the past 5 years.

Mr. BRUMBY. I think that from 1975 they have, in fact, decreased their energy use.

Mr. KOSTMAYER. Thank you, Mr. Chairman.

Mr. MOFFETT. I would like to continue along the line of questioning of the gentleman from Pennsylvania because I think he is making a good point.

On the one hand, it seems from the questioning of our GAO witnesses that you really do not know, with any kind of precision, what the usage is. You are really almost unable to answer the question that the gentleman from Pennsylvania asked. Is that true? That is with regard to whether energy consumption has been rising or falling or standing still?

Mr. BRUMBY. I think that is pretty much a black and white question.

To the extent that agencies provide us with information, and we assume they are giving us that information to the best of their ability, and we accept that information, we have data. But do we independently verify the accuracy of those data, we cannot. I think that in terms of the general trend, they are fairly accurate.

Mr. MOFFETT. OK. If we accept your contention that, in fact, these are the best figures we have, is it not true that we can state—and this is the conclusion of what the gentleman from Pennsylvania was saying—that the Government's energy conservation program has been at a complete standstill since 1976.

If you want to use those figures, that is a fact, is it not?

Mr. BRUMBY. To the extent that in 1978 we are showing the same level of consumption as 1976, that would be correct.

Mr. VITULLO. I think that is a significant point—it is the same level of consumption. But we have had some increased missions as well as increased building space.

Mr. MOFFETT. I understand.

Mr. Brumby, I would like to direct a couple of questions at you.

With regard to the positions within the bureaucracy—the relative strength and influence that this office in which you are located has because there has been a great deal of discussion this morning about that—is it not incredibly difficult for your office to deal with agencies such as the Department of Transportation and DOD, being, if you will excuse the expression, buried as you are at a fairly low level within the Department of Energy?

Mr. BRUMBY. I would like to answer that two ways.

To the extent that we have effective communications on a staff level with other agencies, I think we have, in fact, established an effective flow of information. To the extent that a GS-15 branch chief can call upon an Assistant Secretary in Washington, a city which moves on titles and organizational location, it is very difficult to effect anything, particularly the type that I think you are alluding to.

Mr. MOFFETT. For example, if the Secretary of Transportation, or the Secretary of Defense, or somebody very close to them—an assistant to them—wants to give you fellows a hard time about what you are trying to accomplish, it is pretty tough for you to go up against them. Is that not correct? In fact, it is partly the reason that you, Mr. Brumby, recommended to your superiors on February 22, 1979, that this FEMP program be represented at the Under Secretary level at DOE.

Mr. BRUMBY. Yes. That is partly the reason behind it. The fact is we generally do not know what another agency is saying about what we are trying to establish.

Mr. MOFFETT. And is it not true, Mr. Lane, that you have also recommended, in writing, to your superiors the need for high-level Department of Energy interest and involvement in the FEMP program to give it more prestige, authority, and influence in dealing with other Federal agencies?

Mr. LANE. Yes, sir.

Mr. MOFFETT. Correct me if I am wrong, Mr. Lane. An Executive order and two statutes assign to the Department of Energy the chief responsibility for reducing energy usage within the entire Federal Government. Is that not correct?

Mr. LANE. Yes, sir.

Mr. MOFFETT. And the responsibility for that effort which is designed to cut through the entire Government and bring about some significant conservation has been assigned to a five-person office headed by Mr. Brumby who happens to be a GS-15?

Mr. LANE. With one minor change—it is six instead of five because there is a vacancy—what you say is true.

Mr. MOFFETT. And how much has the Department of Energy requested for this effort in its current budget submission to Congress?

Mr. LANE. The fiscal year 1980 budget request, I believe, is \$400,000.

Mr. MOFFETT. \$400,000. The responsibilities of the four professional staff members assigned to your office, Mr. Brumby, include but are not limited to the following, if I might read them for the record. These are the tasks assigned to this tiny office.

One, prepare a 10-year plan for building and facilities. Correct?

Mr. BRUMBY. Yes, sir.

Mr. MOFFETT. Two, develop and issue guidelines for agency conservation plans.

Mr. BRUMBY. Yes, sir.

Mr. MOFFETT. Three, develop and issue guidelines for life-cycle costing.

Mr. BRUMBY. Yes, sir.

Mr. MOFFETT. Four, develop and issue mandatory lighting and thermal efficiency standards.

Mr. BRUMBY. Yes, sir.

Mr. MOFFETT. Five, prepare and issue several reports to the Congress and the President.

Mr. BRUMBY. Yes, sir.

Mr. MOFFETT. Six, review agency conservation plans.

Mr. BRUMBY. Yes, sir.

Mr. MOFFETT. Seven, consult annually with OMB concerning agency energy conservation budget.

Mr. BRUMBY. Yes, sir.

Mr. MOFFETT. Eight, develop guidelines for building audits.

Mr. BRUMBY. Yes, sir.

Mr. MOFFETT. Going back to the question that the gentleman from Minnesota directed, I would like to ask this question.

We have just listed eight very, very significant tasks. Is it reasonable to expect four staff members to effectively complete these projects in a timely manner?

Mr. BRUMBY. We have been working 60 hours a week to try.

Mr. MOFFETT. I am sure you have. I am sure you have been working 60 hours a week, but is it reasonable to expect four staff members—even working 60 hours a week—to effectively complete these projects in a timely manner?

Mr. BRUMBY. We are doing the best we can.

Mr. MOFFETT. I am sure you are. This subcommittee is not questioning whether the witnesses before us are doing the best they can—at this moment at least. We are asking the question, after looking at these very important responsibilities following on the “moral equivalent of war” that has been declared. It is a reasonable question to ask whether four staff members can effectively handle this part of that war.

Mr. STANGELAND. If the chairman would yield?

Mr. MOFFETT. I would be happy to yield.

Mr. STANGELAND. Maybe staff size is a matter of policy that these people would rather not comment on.

Mr. MOFFETT. Well, I think they can give their opinion on that.

How many positions have been allocated by the Department of Energy for this FEMP program that have not been filled?

Mr. BRUMBY. There is one vacancy today.

Mr. MOFFETT. But is it not true that 17 slots have been allocated?

Mr. BRUMBY. Seventeen slots were allocated in fiscal 1978. Currently the slots, as I gather, total six positions.

Mr. MOFFETT. So what happened to those other slots?

Mr. BRUMBY. I do not control the slots.

Mr. MOFFETT. That is not what I asked you. I know you do not control them.

Mr. BRUMBY. I do not know what happened to the slots.

Mr. MOFFETT. You have no idea?

Mr. BRUMBY. No; I do not.

Mr. MOFFETT. Have you asked anyone?

Mr. BRUMBY. Yes.

Mr. MOFFETT. And what was the response?

Mr. BRUMBY. There was no response.

Mr. MOFFETT. Whom did you ask?

Mr. BRUMBY. I asked Mr. Lane to find out what happened to the positions.

Mr. MOFFETT. The gentleman from Pennsylvania is laughing. I used to work in the executive branch, myself, and I know what can happen to slots if you are not careful. They disappear, do they not?

The Chair would like to introduce into the record an exhibit entitled “FEMP Budget History.”

Without objection, it will be included in the record at this point.

[The material follows:]

FEMP budget history

[In thousands of dollars]

Fiscal year:	Budget authority
1973.....
1974.....
1975.....	700
1976.....	1,448
Transition quarter.....	354
1977.....	528
1978.....	615
1979.....	500
1980.....	400

FEMP staffing history

Authorized:	On board:	
1973.....	1973.....	3
1974.....	1974.....	7
1975.....	1975.....	8
1976.....	1976.....	8
1977.....	1977.....	12
1978.....	1978.....	9
1979.....	1979.....	5

Mr. MOFFETT. Mr. Lane, this internal DOE document reviews FEMP's budget and staffing history for fiscal years 1975 through 1980. Is that correct?

Mr. LANE. Yes, sir.

Mr. MOFFETT. As the Congress and President Carter assigned additional responsibilities to the FEMP office over the years, the Department of Energy has reacted by assigning less money—not more money—and fewer people to FEMP. Is that correct?

Mr. LANE. That is what these numbers say.

Mr. MOFFETT. And today, with the Nation's supposed emphasis on conservation staring us in the face and all the talk about conservation, the resources for Government energy conservation are at an alltime low. Is that not correct?

Mr. LANE. Yes, sir.

Mr. MOFFETT. Mr. Vitullo, you are responsible, as we understand it, for the preparation of the DOE's annual report, "Energy Management in the Federal Government." Is that the title?

Mr. VITULLO. That is correct.

Mr. MOFFETT. Among other things, this report seeks to identify those agencies that are doing a good job in conserving energy and to pinpoint those agencies that are not. Is that not correct?

Mr. VITULLO. Actually, we try to be just factual. We just compare total agency usage from one year to the next. We would like to pinpoint usage and say that this was good or bad, but we have not done that yet.

Mr. MOFFETT. But this report, to be of any real use, should track on an annual basis the progress or lack of progress being made by each agency in reaching the goals set forth in the overall energy program. Is that not right?

Mr. VITULLO. That is correct.

Mr. MOFFETT. I note that despite this, Dr. Schlesinger, in submitting the Department of Energy's first annual report on Government energy conservation to the President, acknowledged that the report, in his words, "does not describe progress toward goals estab-

lished by agency overall plans because formal submission of these plans is dependent upon issuing the planning guidelines by DOE." Is that correct?

Mr. VITULLO. That is correct.

Mr. MOFFETT. The overall agency conservation plans referred to by Dr. Schlesinger and cited by him as the reason for DOE's inability to track agency energy use were first called for, if I am not mistaken, in President Carter's Executive order of July 1977. Is that correct?

Mr. VITULLO. That is correct.

Mr. MOFFETT. And the reason cited by Secretary Schlesinger in his letter to the President for DOE's not having issued those guidelines for those plans was that the guidelines had been suspended awaiting passage of the National Energy Act. Is that correct?

Mr. VITULLO. That is correct.

Mr. MOFFETT. When was the National Energy Act passed? October 14 or 15 of last year?

Mr. VITULLO. Yes, sir.

Mr. MOFFETT. So, what has happened since then? Has the Department of Energy—if that was the roadblock, has the Department of Energy issued the guidelines for use in formulating the overall agency conservation plan?

Mr. VITULLO. No; it has not.

Mr. MOFFETT. If I might sum up, then, nearly 2 years after President Carter's call for the DOE to issue guidelines for use by Federal agencies in preparing these energy conservation plans, there are no guidelines issued. Is that not correct?

Mr. VITULLO. That is correct.

Mr. MOFFETT. And the failure to issue such guidelines, it seems, acknowledged by the Secretary of Energy himself, makes it impossible for your office to track agency progress in reducing energy use. And that seems to me to be your testimony. Is that right?

Mr. VITULLO. I would like to paraphrase that a little.

We track energy use, but we are unable to track in all cases progress toward their goal attainment. There is a difference. We track total amount of energy used by the agencies as best we can.

Mr. BRUMBY. But we cannot tell where we are in the attainment of the 20-percent goal that the President has established in his Executive order.

Mr. VITULLO. And in the other operational areas, the goals are not established; so we cannot track those.

Mr. MOFFETT. Thank you.

Mr. STANGELAND. Would the gentleman yield?

Mr. MOFFETT. Certainly.

Mr. STANGELAND. I would like to follow that up a little.

You can track how much they use, but you cannot track if there is any saving. Is that what you are saying?

Mr. VITULLO. At the present time, all the agencies have not established baselines and the capability of telling us how they are progressing toward their goals.

Last year, we had 5 agencies out of the 66 that were able to give us goal attainment progress. This year, we expect to do better.

Mr. STANGELAND. Is that a matter of not having adequate guidelines?

Mr. VITULLO. It is a combination of not having adequate guidelines and a lack of a complete data base in the agencies themselves.

Mr. STANGELAND. Is there an unwillingness to cooperate on the part of the agencies that causes it?

Mr. VITULLO. I think the primary thing is the lack of guidelines.

Mr. STANGELAND. OK. Thank you.

Mr. MOFFETT. The Chair recognizes the minority counsel.

Mr. KOSTMAYER. Would the gentleman yield for just a second because I have to leave?

Mr. GALLOWAY. Certainly.

Mr. KOSTMAYER. I know you gentlemen have been placed in a somewhat difficult position, and I am very sympathetic with you. It is easy for us to stand up here and ask you these questions. I know you have families, and you have to support yourselves. I am sympathetic with you on that.

But you have an important responsibility. You have taken an oath. You have a responsibility to the people of this country, as we do. I hope that if you ever feel that there is any pressure anywhere, you will let us know. We will be sympathetic. I hope we will be more than sympathetic.

Mr. VITULLO. Will you give us a letter of recommendation? [Laughter.]

Mr. KOSTMAYER. Mr. Moffett is now chairman of the subcommittee. He has a large staff. He is an influential fellow. His office is somewhere to the south of here. [Laughter.]

Thank you, Mr. Chairman.

Mr. MOFFETT. The Chair thanks the gentleman from Pennsylvania and wishes that the gentleman would stop paying so much deference to the Chair.

Mr. KOSTMAYER. Well, you are older, Mr. Chairman. [Laughter.]

Mr. MOFFETT. The Chair recognizes the minority counsel, Ms. Sands.

Ms. SANDS. Thank you, Mr. Chairman. I have just one point I would like to make.

The chairman reviewed the FEMP responsibilities with you, Mr. Brumby, and one of them was to consult annually with OMB concerning the agencies' energy conservation budgets.

Mr. BRUMBY. That is right.

Ms. SANDS. Is that just the Department of Energy, or is that other agency budgets also?

Mr. BRUMBY. No. The Executive order allows the Secretary to issue guidelines as well as requirements and procedures for agencies to achieve their goals. The agencies, in following those guidelines, must develop plans and indicate in those plans investment levels required to achieve their goals.

The Department, in consultation with OMB, is to review the annual agency investment plans. So, the function is not to review DOE's investment but to look across the board at the Federal Government's investment in energy conservation.

Ms. SANDS. Fine.

My next question is the question I really wanted to get to, Mr. Brumby. I was wondering if you had any interaction at all with OMB in their review of the various agencies' budgets for fiscal year 1980.

Mr. BRUMBY. No; there is none.

Ms. SANDS. Thank you.

Thank you, Mr. Chairman.

Mr. MOFFETT. Are there any further questions?

[No response.]

Mr. MOFFETT. Gentlemen, I want to express my appreciation and that of the subcommittee for your testimony.

I sense that you are sympathetic with the goals of the legislation and the Executive orders and want to do the right thing. Certainly, the subcommittee wants to do everything it can help you do that job. So, we are appreciative of your being here and of your statements.

Thank you very much.

The subcommittee is adjourned.

[Whereupon, the subcommittee adjourned, to reconvene at 10 a.m., Wednesday, April 25, 1979.]

ENERGY CONSERVATION WITHIN THE FEDERAL GOVERNMENT: THE DEPARTMENT OF ENERGY'S ROLE

WEDNESDAY, APRIL 25, 1979

HOUSE OF REPRESENTATIVES,
ENVIRONMENT, ENERGY,
AND NATURAL RESOURCES SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2203, Rayburn House Office Building, Hon. Toby Moffett (chairman of the subcommittee) presiding.

Present: Representatives Toby Moffett, Floyd J. Fithian, Robert F. Drinan, Peter H. Kostmayer, Joel Deckard, and Arlan Stangeland.

Also present: John R. Galloway, staff director, and Catherine Sands, minority professional staff, Committee on Government Operations.

Mr. MOFFETT. The subcommittee will come to order.

Energy policy, as the members of this subcommittee fully appreciate, is one of this Nation's most controversial issues. But one issue that we all agree on is the need to conserve energy and for the Federal Government to take the lead in promoting conservation by example.

Indeed, Presidents Ford and Carter and the Congress have made that abundantly clear in a series of executive and legislative pronouncements that have directed the Department of Energy, and its predecessor agency, to take the lead in conserving energy throughout the Federal Establishment.

A failure on the part of the Federal Government to reduce its own energy use is important not only in terms of the actual energy involved but in terms of the attitudes and perceptions of the American people.

Administration and Department of Energy urgings on behalf of conservation can only ring hollow in the absence of a vigorous and innovative Federal energy saving program.

Testimony received by this subcommittee yesterday is suggestive of a major failure on the part of the Department of Energy to discharge its mandate to reduce Federal energy use. The record of yesterday's session contains specific examples of required initiatives that were not taken and of opportunities that were ignored.

Worse than this opportunity or oversight, however, is the very real possibility that the Federal conservation program is at an absolute standstill.

Responsibility for Federal energy conservation rests with the Under Secretary of the Department of Energy, who under terms of the Department of Energy Organization Act, is assigned—and I quote—“* * * primary responsibility for energy conservation * * *” in a Department whose purpose under law includes—and I again quote—the “* * * effective management of energy functions of the Federal Government including consultation with the heads of other Federal departments and agencies in order to encourage them to establish and observe policies consistent with a coordinated energy policy, and to promote maximum possible conservation measures in connection with the activities of their respective jurisdiction.”

The subcommittee today will receive testimony from Dale Myers, Under Secretary of the Department of Energy, relative to his discharge of the above responsibilities.

We had expected also to hear from Joan Shorey representing the Solar Lobby, which is a citizens group, but she had an unfortunate accident, as I understand it, over the weekend. So, in her place we are pleased to have and welcome our colleague, Congressman Richard Ottinger of New York.

I would say to our colleague that we appreciate your being here. We know that you have subcommittees to go to yourself. We would appreciate having the statement read into the record, and we will try to dispense with you as quickly as we can so as to get you on to your other meetings.

You may proceed.

**STATEMENT OF HON. RICHARD OTTINGER, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF NEW YORK, APPEARING
ON BEHALF OF THE SOLAR LOBBY**

Mr. OTTINGER. I am appearing today on behalf of Joan Shorey of the Solar Lobby. Ms. Shorey used to be on my staff. She had a boating accident and lost a finger in the process. She is in the hospital in Baltimore.

I would like to ask unanimous consent that her statement appear in full in the record.

Mr. MOFFETT. Without objection, so ordered.

[Ms. Shorey's prepared statement follows:]

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 Denis Hayes (Chairman)
 Worldwatch Institute
 Eddie Albert
 Actor/Environmentalist
 Bruce Anderson
 Nat. Environmental Action
 Brian Blackwelder
 F. Conservation Foundation
 Roger Blumbaum
 Small Farm Energy Project
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 California Governor's Office
 George Coder
 Ohio Solar Energy Association
 Herman Daly
 Louisiana State University
 Francis De Winter
 Inter. Solar Energy Society
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 Wind Power Digest
 Gary Garber
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 Tom Hayden
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 American Wind Energy Assn.
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 Jim Broyles
 Valerie Horn
 Herb Epstein
 Savannah Lawrence
 Richard Munson
 Joan Shorey



Solar Lobby

1028 Connecticut Avenue, N.W.
 Washington, D.C. 20036
 202-466-6350

April 20, 1979

Solar Lobby's Statement on the Federal Buildings Program

My name is Joan Shorey and I am appearing here as a representative of Solar Lobby. Solar Lobby encompasses a constituency of groups and individuals around the country who believe that solar energy is the most practical, economic, safe, and politically sound solution to our energy needs. I am commenting on this particular proposed rule because I believe it is an important cornerstone in a comprehensive federal solar commitment. It will be a program where the federal government can show, by its own example, the potential for solar energy and the benefits of conservation.

But the Office of Conservation and Solar Applications has mismanaged the linkage between conservation and solar in the Federal Buildings program. The maximum benefits from Department of Energy programs to conserve our energy use and to increase the application of solar energy will occur when these two strategies are developed in tandem. The Office of Conservation and Solar Applications of DOE has the responsibility to see that this coordination occurs. Yet there is evidence in the Federal Buildings program that this is not the case.

Title V, "Federal Initiatives" of the National Conservation and Policy Act (NECPA) contains provisions mandating the conservation of existing energy use and the application of solar energy in both new and existing buildings. Two provisions of Title V, parts II and IV, authorize three year programs for the demonstration of solar heating and cooling and electrical generation technologies in our federal buildings. Part III establishes an overall program for the retrofitting of existing federal

buildings and the development of new federal buildings with solar and conservation measures.

The Office of Conservation and Solar Applications is responsible for the implementation of these provisions.

On April 2, the proposed rule for Part II, "The Solar In Federal Buildings Program" was published in the Federal Register. The supplementary information accompanying the proposed rule states that this demonstration program will be part of an overall new section to the Federal Code called "Federal Energy Management and Planning Programs"- a management program incorporating existing legislation dealing with Federal Buildings. The objectives of this new Federal management programs are nearly word for word those objectives of Part III of NECPA's title V which establishes the solar and conservation retrofit program.

However, there is no indication or assurance that this solar demonstration established by the proposed rule will meld into an overall solar and conservation strategy. Funds from this demonstration should apply to the initial higher first costs of those solar retrofits which appear most appropriate after the energy audits of existing buildings have been performed. Twenty million dollars of the existing \$69 million appropriations for this demonstration program must be obligated by September of 1979. Yet, this final rule will not be published until July or August, and the report on energy audits of existing Federal Buildings is not due until this August.

No attempt has been made by the DOE to seek an amendment to this time constraint and to extend the deadline for the expenditure of these demonstration funds. No statements have come to Congress flagging these time constraints and inconsistencies.

Will these demonstration funds be spent in a vacuum apart from an overall Federal Management and Planning program? And will the result be waste of funds in what could otherwise be a catalyst for an expeditious integration of a solar and conservation program in our Federal Buildings?

In addition to this inadequate attempt at solving a legislative quagmire the Solar and Conservation Division appears to be presenting a further roadblock towards an integrated solar and conservation Federal Initiative program in the management plans for this demonstration.

The rule for this \$100 million dollar solar demonstration was developed under the management of one person ... evidence perhaps of either lack of priority or poor planning in the division. And now the proposed program management appears to be shifting to NASA. The press notice released at the public hearing on the proposed rule April 17, states that the technical management of the demonstration will be given to NASA. I question whether this will result in a coordinated program or whether or not this will further isolate these demonstration programs from the rest of the Federal Initiatives in NECPA.

If there is to be a new Federal Energy Management and Planning program, it should be rapidly presented to Congress and there should be a full articulation of exactly how these programs will mesh with one another. There should also be assurance that this management program will fulfill the Congressional mandates for a coordinated solar and conservation program in Federal Buildings as the objectives to Part 436 articulate.

Mr. OTTINGER. The Federal buildings program is something which she drafted and I authored. I think it is tremendously important, as you have indicated, Mr. Chairman. The Federal Government is one of the largest users of energy in the country. We are asking people to make sacrifices all over the country. Asking them to invest money in insulation and energy control devices to save energy and in solar applications.

If we are serious about the energy crisis—and I think it is a question of survival, both from a national security standpoint and from an economic standpoint—then the Federal Government should make similar sacrifices and investments.

We are spending \$45 billion for imports this year. My estimate is that it will be going to \$55 billion or \$60 billion for imports in the coming year.

The only thing that we can do quickly to reduce our reliance on imports is conservation.

For us not to be pursuing conservation in the Federal sphere, setting the example and achieving energy savings, is shameful.

In point of fact, we are not making meaningful progress in this field.

One of the problems in the Federal buildings area is that the Department of Energy has been bashful about imposing standards on other Federal agencies. They felt that they would not be received kindly by the other members of the Federal Establishment.

Therefore, they have left it to each agency to more or less come up with their own proposals and efforts to achieve conservation.

One of the things I feel strongly about is that the responsibility for achieving these savings must rest in the Department of Energy. Somebody has to set standards to see to it that they are achieved.

I do not think you can rely on the hundreds of individual Federal agencies to do this, particularly at a time of budgetary crunch which we are now having, during which each agency finds that its own budget for programs is cut back.

Therefore, they are extremely loath to expend additional funds for energy savings which would detract from their ability to achieve their prime missions.

Mr. MOFFETT. If I might add, let me say this.

You may or may not be aware of the testimony yesterday which indicated that not only are they loathed to lay out that money, but even money that supposedly is on paper earmarked for conservation measures is being switched over to nonconservation activities.

Mr. OTTINGER. I am aware of that. I am exceedingly concerned about it because I think you have the same situation occurring in the private sector.

Individuals and businesses there too are pinched. They could save money through investments in conservation, but they, too, find that they are shy of capital to invest for these purposes. If standards are not set and if they are not required to undertake conservation measures, I think they are unlikely to do it in a meaningful way.

Increases in prices will result in some of these investments, particularly in big business where they have a certain amount of latitude. But smaller businesses, like the stores that exist in every community throughout our country, operate on a small margin. For them the ability to lay out the money for energy conservation improvements is very limited.

I think that the Federal Government has to do a great deal more to facilitate such conservation improvements.

It is an investment. If we required everybody to bring buildings up to standard, and lent out the money, people could pay those loans back over the period of time that they would actually achieve savings.

The Federal Government, in the long run, would end up being able to achieve conservation without costing the Government, because they would get paid back. The individuals and the businesses would actually achieve savings over a long period of time.

It means, however, a very substantial initial investment for us to do that.

Is it worth that investment? If you assess the energy crisis, as I do, as a matter of national security and economic survival, then it is something that we cannot forego.

I would like to point out that the dollars that we invest in conservation are the cheapest energy investments that we could possibly make.

A recent GAO study indicates that you can recover oil, which is the same thing as finding new oil, at the equivalent of \$3 to \$5 per barrel from conservation investments.

There is no supply option from which you can achieve oil at that kind of price.

So, instead of handing the oil companies \$40 or \$50 billion for doing some of the exotic supply options that we are presently engaged in, the Government could make that investment in conservation, both in its own establishment and in facilitating conservation in the private sector, and it would have just enormous payoffs compared to anything else that we can do.

The Government has not seen that. I think the Congress has been slow to see that as well. I think it is a point that we have to hammer home and make people realize.

With respect to the particular regulations that have been issued, under the Federal buildings program, there are some serious problems. The maximum benefits from Department of Energy programs to conserve energy use and to increase the application of solar energy, will occur only if the conservation and solar strategies are coordinated and pursued in tandem.

The Office of Conservation and Solar Applications of DOE has the responsibility to see that this coordination occurs. Yet, there is evidence in the Federal buildings program that this is not the case.

Title V of "Federal Initiatives" of the National Conservation and Policy Act, NECPA, contains provisions mandating the conservation of existing energy use and the application of solar energy, both in new and existing buildings.

Two provisions of title V, parts 2 and 4, authorize 3-year programs for the demonstration of solar heating and cooling and electrical generation technologies in our Federal buildings.

Part 3 established an overall program for the retrofitting of existing Federal buildings and the development of new Federal buildings with solar and conservation measures.

The Office of Conservation and Solar Applications is responsible for the implementation of these provisions.

On April 2, the proposed rule for part 2, "The Solar In Federal Buildings Program" was published in the Federal Register. The supplementary information accompanying the proposed rule states that this demonstration program will be part of an overall new section to the Federal Code called "Federal Energy Management and Planning Programs"—a management program incorporating existing legislation dealing with Federal buildings.

The objectives of these new Federal management programs are nearly word-for-word those objectives of part 3 of NECPA's title V which establishes the solar and conservation retrofit program.

However, there is no indication or assurance that this solar demonstration established by the proposed rule will mesh into an overall solar and conservation strategy. Funds from this demonstration should apply to the initial higher first costs of those solar retrofits which appear most appropriate after the energy audits of existing buildings have been performed.

Twenty million dollars of the existing \$69 million appropriations for this demonstration program must be obligated by September of 1979. Yet, the final rule will not be published until July or August, and the report on energy audits of existing Federal buildings is not due until this August.

No attempt has been made by the DOE to seek an amendment to this time constraint and to extend the deadline for the expenditure

of these demonstration funds. No statements have come to Congress flagging these time constraints and inconsistencies.

Will these demonstration funds be spent in a vacuum apart from an overall Federal management and planning program? And will the result be waste of funds that could otherwise be a catalyst for an expeditious integration of a solar and conservation program in our Federal buildings?

In addition to this inadequate attempt at solving a legislative quagmire, the Solar and Conservation Division appears to be presenting a further roadblock toward an integrated solar and conservation program in the management plans for this demonstration.

The rule for this \$100 million dollar solar demonstration was developed under the management of one person—evidence perhaps of either lack of priority or poor planning in the division. Actually, so far as I know, there is still only one person managing this program within the Department. Now the proposed program management appears to be shifting to NASA.

The press notice released at the public hearing on the proposed rule on April 7 states that the technical management of the demonstration will be given to NASA. I question whether this will result in a coordinated program or whether this will further isolate these demonstration programs from the rest of the Federal initiatives in NECPA.

If there is to be a new Federal energy management and planning program, it should be rapidly presented to Congress and there should be a full articulation of exactly how these programs will mesh. There should also be assurance that this management program will fulfill the congressional mandate for a coordinated solar and conservation program in Federal buildings.

There are a couple of other particular problems with the rules as promulgated. There is a statement in the rule that proposes covering the use of process heat and passive solar energy that they are "allowable submissions and contract awards are restrained due to funding limitations." That is a quote from the regulations.

The restraint put on the agency would certainly be overwhelming in any competition for funds.

We have learned that through relatively inexpensive investments in passive solar design of buildings, to make use of the Sun which shines on those buildings, that substantial energy savings can be achieved.

The constraints indicated here will discourage that kind of design. That does not seem to me to make any sense whatsoever.

In addition, while the rule calls for innovative and diverse applications, the technical data requirements form A-1, has no provision for hybrid approaches utilizing both active and passive systems, waste recovery, or biomass.

I would, therefore, suggest that this subcommittee, or one of the other committees of Congress, bring together a group of experts from around the country who have been actively designing buildings, and installing and selling solar energy and have them look over these data sheets before any final rule is published.

It seems to me that there are serious defects in the proposed regulations.

There also appear to be an excessive number of reports required of participants in this program. Under section 436.74, requiring program information, there are six reports due after the transfer of design funds, quarterly status reports, and acceptance testing plans, plus three statements and two assurances.

This will eventually be followed by section 436.80, requiring quarterly reports for the first year in the operation of the project.

I think the amount of reporting that is required is going to discourage smaller businesses from participating and provide an excessive burden on the people who are participating.

We should learn something from the Solar Heating and Cooling Demonstration Act wherein they demonstrated gold-plated systems and had enormous amounts of experimentation and instrumentation attached to them.

As a result, they demonstrated that many of the solar applications were, in fact, not feasible when at the same time there were available cost-effective and efficient systems that could have been demonstrated to be economically feasible for solar heating and solar hot water heating.

We ought to make sure that these regulations do not replicate the mistakes of the Solar Heating and Cooling Demonstration Act.

What the program should demonstrate are replicable—and I think that is very important—cost effective systems, arranged in a variety of geographic and demographic sites and in a variety of building types.

I think that those criteria, and I will emphasize them again, ought to be replicability, cost effectiveness, and geographic diversity.

I have one last point.

With respect to the warranty issue, I want to say this. I would question the practicability of a 5-year warranty for manufacturers, considering that this is a program that has largely been advanced by small companies. The warranty requirements that are indicated are probably excessive for many of the small businesses to be able to supply the equipment today under these regulations.

A greater degree of flexibility ought to be provided.

Overall, Mr. Chairman, I think that the Department of Energy ought to set down the criteria and the standards for this program and that it ought to have a much greater bite to it than it has at the present time, so that we will see results actually achieved.

I would like to see the demonstrations made through the Federal buildings program be made so they ought to be adopted in the private sector.

I thank you for your attention.

Mr. MOFFETT. We thank you for your presentation and for your continuing leadership in this area.

I know you have to go to another subcommittee, so I do not have any questions at this time.

Are there any questions from my colleagues?

If not, then we thank you again for your presence. Please convey our appreciation, and sympathy, I believe is the word also, to Ms. Shorey.

Mr. OTTINGER. I certainly will.

Mr. MOFFETT. We thank you again.

The Chair now calls Mr. Dale Myers, Under Secretary of Energy. Mr. Myers, would you remain standing for a moment? As you may know, it is the policy of the subcommittee to swear in each and every witness so as not to stigmatize witnesses on a selective basis as would be the case if the oath were administered selectively.

Would you state your full name and title for the record? Then the Chair will swear you in.

Mr. MYERS. My name is Dale D. Myers. I am Under Secretary of the Department of Energy.

Mr. MOFFETT. Will there be anyone else testifying?

Mr. MYERS. Yes, Dr. Maxine Savitz who is the Deputy Assistant Secretary for Conservation and Solar Applications.

Mr. MOFFETT. Will you both raise your right hand?

Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

[Chorus of I do's.]

Mr. MOFFETT. Mr. Myers, I first want to thank you, not only for your appearance here today, but for your cooperation with the subcommittee. I think you are aware of the hearings that we had yesterday and of the testimony.

I am sure you will be directing yourself in the course of your remarks and in answer to members' questions to that subject.

If you would like, at this point you may proceed with your testimony.

STATEMENT OF DALE D. MYERS, UNDER SECRETARY, DEPARTMENT OF ENERGY; ACCOMPANIED BY MAXINE SAVITZ, DEPUTY ASSISTANT SECRETARY FOR CONSERVATION AND SOLAR APPLICATIONS

Mr. MYERS. Mr. Chairman, and members of the committee, I would like to submit my testimony for the record and summarize it, if that is acceptable.

Mr. MOFFETT. Without objection, your testimony will be considered as part of the record at this point.

You may proceed.

[Mr. Myers' prepared statement follows:]

TESTIMONY OF DALE MYERS
UNDER SECRETARY OF ENERGY

before

SUBCOMMITTEE ON ENVIRONMENT, ENERGY AND
NATURAL RESOURCES OF THE
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

APRIL 25, 1979

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the Federal Energy Management Program (FEMP).

FEMP is more than just a DOE program; it is the combined effort of 66 Federal departments and agencies to manage and conserve energy.

The importance of this effort to the Nation can be demonstrated by reciting a few facts about Federal energy consumption:

- The Federal Government is the single largest energy user in the Nation, accounting for over 2 percent of the energy used in the United States in 1978;
- This energy was used by almost 6 million people in approximately 400,000 buildings and in operating more than 650,000 vehicles of all types, including ships and aircraft.
- Forty-nine percent was used for buildings and facilities and 51 percent for vehicles and equipment;
- The Department of Defense accounts for over 80 percent of total Federal use; and
- The top six Federal agencies, in terms of energy consumption, account for over 95 percent of total Federal energy use.

Under Executive Order 12003, Section 381 of the Energy Policy and Conservation Act, and Title V of the National Energy Conservation and Policy Act, the DOE is required to coordinate the Federal effort. Specifically, DOE is charged with issuing procedures for the conduct of preliminary energy audits and guidelines for the formulation and updating of agency 10-year buildings plans, with establishing a life-cycle costing methodology to be adopted by all Federal agencies, with the preparation of a Federal 10-year buildings plan, and with preparing for the President and Congress annual reports on progress in conserving energy.

Since 1973, the year of the Embargo, the overall performance of the Federal Government in energy conservation has been very good.

The raw numbers speak for themselves. Measured in millions of barrels of oil equivalent on an annual basis, the Federal Government consumed 390 MBOE in 1973. In 1974 consumption was 300. In 1975, the base year for purposes of the 10-year plan called for in Executive Order 12003, it was 293. In 1976, the figure was 276. In 1977, it registered a 1.9 percent increase to 282 caused primarily by DOD operations, but still 3.7 percent below 1975. In 1978, consumption was 276 MBOE.

How much energy did we save? Measured from the embargo year of 1973, the cumulative energy saved was 232 MBOE, enough to run the government for 10 months.

All of us agree, I think, that the Federal Government should set an example for the Nation to follow. Let us compare energy consumption by the Federal Government with national consumption for the three years following the base year of 1975. In 1976, 1977, and 1978, the Federal Government reduced its consumption by 5.7 percent, 3.7 percent and 5.7 percent respectively over 1975. For the same three years, the nation increased its consumption by 5.2, 7.9, and 9.9 percent respectively over 1975.

These percentages mean that if the Nation had performed as well as the Federal Government, its current energy consumption would be about 5.0 million BOE per day less, a figure which would more than wipe out the entire Iranian short fall.

I do not represent the Federal Government's total performance as evidence of the merit of our Department in general, or the Federal Energy Management Program in particular. Many things enter into the Government's energy conservation efforts - operational changes in the Departments, the ordinary budget pressures we all experience, and the driving force of energy price increases. But there is no doubt that the Department of Energy and the FEMP program played a role in these energy savings, and can play an even

more important role in the future. There remains a significant potential for further reductions in Federal energy use and we plan to exert a positive, substantial effect to insure the achievement of these reductions.

Many of the no-cost, low-cost energy conserving practices have already been put into effect. Consequently, we are now in an era that has required our Department and the 64 other consuming agencies to examine the merits of more substantial funding to achieve additional savings. Cost effective investments to improve the energy efficiency of existing and new Federal buildings have been increased and greater attention is being given to identifying innovative ways to further reduce consumption in Federal vehicles and other operations. In order to effectively implement these efforts, we must:

- o establish specific energy reduction goals;
- o establish an integrated planning program to identify the costs and expected energy savings of conservation investments in Federal buildings;
- o establish practical and effective methods for determining the life cycle costs of conservation investments consistent with Government-wide investment policy; and
- o insure that the actual results of these efforts are continually monitored and reported.

It is in these areas that DOE serves a useful function.

We do not, and, in fact, cannot, play the role of Energy Policy

Czar within the Government. Consistent with Presidential & legislative requirements, DOD will decide whether a reduction in flight training makes any sense; likewise, the Coast Guard will decide the operational conduct of its ships. Administration budget proposals and congressional action on them will balance the energy conservation retrofit funding of the agencies against other priorities.

Our Department will exert leadership by making these contributions:

- o Issue procedures for the conduct of preliminary energy audits and guidelines for the preparation of buildings plans. These proposed procedures and guidelines have been issued for publication in the Federal Register. The final rule is scheduled to be published by the end of July. The guidelines call for agencies to submit their energy conservation plans in January 1980.
- o Issue a life-cycle costing methodology to be adopted and used by Federal agencies. It is on the same schedule as the guidelines for buildings plans.
- o Prepare a Federal 10-year plan for energy conservation in Federal buildings. Phase I of the plan will be completed in September 1979. Phase I including information from agency developed plans, will be completed by August 1980.
- o Prepare and submit reports to the President and Congress on Federal energy conservation activities, including:

- The annual report to the Congress required by EPCA which was completed this past February and will be submitted to the Congress in the near future;
- The annual report to the President required by Executive Order 12003 which will be submitted in August 1979;
- A report to the Congress on the results of preliminary energy audits of Federal buildings with 30,000 or more gross square feet, as required by the NECPA, which is due on August 15, 1979;
- The annual report to the Congress required by the NECPA which is scheduled to be submitted in March 1980; and
- A report to the Congress on the results of preliminary energy audits of Federal buildings with 1,000-30,000 gross square feet which is required by the NECPA no later than August 15, 1980.

I would like to briefly discuss some of the energy conservation activities DOE is currently pursuing. These activities involve:

- The upcoming publication in the Federal Register of guidelines to agencies on the formulation of their buildings plans;
- DOE in-house efforts to conserve energy;
- Joint DOD/DOE energy initiatives; and
- Coordination of the efforts of the big Federal energy users through the "656 Committee."

GUIDELINES FOR BUILDINGS PLANS

One important activity is getting our guidelines for buildings plans issued to the Federal agencies. As I mentioned above, they have been issued for publication in the Federal Register. These guidelines specify what the content of the agency plans should be, and they incorporate the President's energy reduction goals. During the development of these guidelines, I determined that their provisions needed to be strengthened to put the Federal Government in a stronger leadership position. Consequently, the draft guidelines were rewritten to:

- o Accelerate completion of technical surveys of buildings to identify energy conservation measures to the end of FY 1982;
- o Emphasize the use of renewable energy sources such as solar by:
 - Requiring all new Federal buildings to have one or more renewable systems installed unless the agency determines this approach would not be life-cycle cost effective; and
 - Requiring agencies to identify the potential uses of renewable resources in their conduct of preliminary energy audits, establishment of goals, development of Plans and progress reports; and
 - Reduce the use of petroleum fuels by 30 percent in buildings by 1985.

These guidelines are scheduled to be published in the Federal Register this week as a Notice of Proposed Rulemaking to obtain public comments on these and other provisions.

In addition to the buildings guidelines, DOE will, in the near future, issue guidance on improving the energy efficiency of agency general operations. This guidance will cover their establishment of energy reduction goals, planned actions, and reports on progress.

DOE IN-HOUSE INITIATIVES

As you know, all Federal agencies are working toward a goal of reducing our energy consumption in existing buildings by 20 percent by FY 1985. In this effort, the Department of Energy has already, or has planned or proposed to, invest \$75 million during the period FY 1977 through FY 1980 retrofitting our own facilities for energy conservation. These retrofits, when complete, will reduce the Department's energy consumption by 1.3 million barrels per year and save us \$17 million annually.

Our other conservation efforts include the development of a Department-wide employee awareness program and a Department-wide vanpool program. We already have about 50 vanpools in operation at five of our sites including Washington.

We also are endeavoring to make our own facilities models of the use of the newer technologies. We are retrofitting ten of our facilities for solar systems, and the economics of

solar must be examined for each of our new facilities. Additionally, we are burning a 50/50 mix of liquid waste fuels and fuel oil in our central plant at the Brookhaven National Laboratory. At our Idaho National Laboratory, we are drilling a geothermal test well to determine the potential of heating that Laboratory with geothermal energy, and at our Hanford site we are developing a project to fire one of our boilers with diseased wood and waste wood products from nearby national forests.

We also have projects to heat facilities at two of our gaseous diffusion plants with the waste heat from the diffusion process. Lastly, we are studying our major central plants in an effort to reduce our petroleum and natural gas consumption. In these studies we are considering conversion to coal or coal/oil mixtures, and coal derived fuels, as well as refuse derived fuels. We are also considering the potential for co-generation.

JOINT DOD-DOE ENERGY INITIATIVES

A DOD/DOE Working Group was established in February 1978, to help identify new energy initiatives of potential value to the two agencies. The primary objective of this joint program is to develop initiatives which will assist:

- o DOD in reducing its consumption of energy and its dependency on foreign sources of oil; and
- o DOE in accelerating the development and early commercialization of new energy technologies:

(1) by gaining experience in the construction, operation and maintenance of new systems, and (2) by enabling manufacturers to get on the "learning curve" through early DOD buys.

Of the various initiatives identified by the Working Group, the following were selected for initial funding:

- Photovoltaics
- Solar Heating and Cooling of Buildings
- Wood-fired Central Heating Plant
- Geothermal Space Heating
- DOD/DOE showcases
- o The photovoltaics and solar heating and cooling initiatives are underway as part of the Federal Photovoltaics Utilization Program (FPUP) and the Solar Heating and Cooling Demonstration Program for Federal Buildings. Over \$1,500,000 of FY 1979 DOE funds have been currently identified for DOD photovoltaics projects, and \$4,000,000 of FY 1979 DOE funds have been planned for solar heating and cooling demonstration projects.
- o DOE has provided \$300,000 in FY 1979 to the Department of the Army for the initial design of a wood-burning system -- including wood gathering and processing technology -- at Fort Stewart, Georgia.

- o We are providing \$500,000 in FY 1979 to the Department of the Air Force for the investigation of the geothermal source at Hill Air Force Base, Utah, and for drilling a production well. This geothermal energy would be used to heat warehouses and other buildings on the base thus reducing the consumption of oil.
- o The DOD/DOE showcases have been selected to give high visibility (military and civilian) to cost-effective energy resource management techniques and advanced energy technologies. DOE FY 1979 funds of \$500,000 have been provided to each of the services (a total of \$1.5 million). The sites selected are:
 - Red River Army Depot/Lone Star Army Ammunition Plant, Texas
 - McClellan Air Force Base, California
 - Sewells Point Naval Complex, Virginia

These showcases will be used to demonstrate and evaluate:

- microprocessor-based controllers
- building and system design optimization
- energy loss diagnostics
- waste heat utilization
- heat pump/ground water sink

In addition, the following technology options will be evaluated for possible implementation:

- solar heating and cooling
- photovoltaics

- fluidized-bed combustion
- coal gasification
- cogeneration

In brief, a balanced program of joint initiatives is now under way. The Department of Energy is providing \$7,800,000 for FY 1979 activities. Beginning in FY 1980, DOD is expected to use some of its funds for these initiatives. We are confident that both agencies will reap significant benefits from these initiatives by finding better ways to save energy and, where life-cycle cost-effective, to substitute solar and geothermal energy for petroleum-based fuels.

656 COMMITTEE

Section 656 of the DOE Organization Act (P.L. 95-91) requires that each of eight departments and agencies (Defense, Agriculture, Interior, HUD, Transportation, Postal Service, GSA and Commerce) designate an Assistant Secretary or Assistant Administrator as the principal energy conservation officer. These officers are to be responsible for the energy conservation programs in their agencies and are to work with DOE on energy conservation issues. DOE also invited NASA and VA to join this group and, collectively, these agencies constitute the "656 Committee". They account for 98 percent of the Federal Government's energy use.

The objectives of the "656 Committee", as it is called, are to reinforce the need to conserve energy in the Federal

Government, get agency top management involved in energy conservation, encourage interagency cooperation and coordination, and provide policy input to DOE.

To date, I have hosted two meetings of the Committee. The first was on September 14, 1978, at which we reviewed the energy conservation programs of DOD, DOE and NASA as examples of how successful energy conservation programs have worked. The second meeting was held on March 15, 1979, and principally dealt with agency plans to deal with the Iranian situation as outlined in their responses to a Presidential memorandum of February 2, 1979, and included a discussion of the soon to be published FEMP guidelines. The "656 Committee" will meet approximately every six months, unless circumstances warrant special meetings more often.

CONCLUSION

In conclusion, Mr. Chairman, there are those who say we have not done enough or moved fast enough in FEMP. I agree with that assessment, but I would also point out that there are good and valid reasons for the delays that have been experienced. The Department had to be organized. The National Energy Act was enacted only last November and we wanted the guidelines for this program to include the provisions of the NEA.

Since the enactment of the NEA, we have moved aggressively to implement the program and assert a leadership role for DOE.

The next year will be an active and exciting period in Federal energy conservation. At the end of that period, I hope we can all agree that FEMP is where it ought to be in making Federal energy conservation an example for the rest of the Nation to follow.

I will be happy to answer any questions you may have.

Mr. MYERS. The Federal energy management program is more than just a DOE program. It is a program that involves 66 Federal departments and agencies that manage and conserve energy.

The Federal Government is the single largest energy user in the Nation. They used over 2 percent of the energy used in the United States in 1978. It is used by 6 million people in approximately 400,000 buildings and 650,000 vehicles of all types.

Forty-nine percent is used in buildings and facilities and 51 percent is used for vehicles and equipment.

The Department of Defense accounts for over 80 percent of the total Federal use.

During our testimony today you will find that we really emphasize very strongly our work with the Department of Defense in Federal energy management programs.

The top six Federal agencies account for 95 percent of the total of all Federal energy use.

DOE is charged with issuing procedures for the conduct of preliminary energy audits and guidelines for the formulation and updating of agency 10-year building plans; with establishing a life-cycle costing methodology to be adopted by all Federal agencies; with the preparation of a Federal-wide 10-year buildings plan; and with preparing for the President and the Congress annual reports on the progress of conserving energy.

Since 1973 the performance of the Federal Government in energy conservation has been very good.

The raw numbers speak for themselves. I have a chart that I would like to show the committee that compares the energy savings in the Federal Government. This is total savings. These are buildings, vehicles, the operations of all the various facilities, like wind tunnels and test equipment and so on, all over the Federal Government.

[Chart shown.]

Mr. MYERS. We have compared it to the use of energy in the whole Nation.

As you can see, the Federal Government has had a reduction in energy use since 1975 which was the base year that we used for the Federal energy management program. Although the reduction has gone down sharply in 1976, it raised a little in 1977, almost entirely because of some actions by the Department of Defense in the use of their vehicles in some of their exercises. Consumption was reduced again in 1978.

In the meantime, the total energy in the Nation has gone up since the 1975 base line to 1978 by over 9 percent.

So, although we have not moved in a smooth line in reducing energy use, we are moving in that direction.

Mr. MOFFETT. Mr. Myers, let me ask a question.

It is not the practice, as you may know, of the subcommittee or the Chair to interrupt witnesses, but I think it is important at this point.

I think it is fair to say in an effort to portray the Government's energy use in the best possible light, you are comparing, if I am not mistaking, the Federal energy usage to the national energy usage.

Mr. MYERS. That is correct.

Mr. MOFFETT. Is it not true also that the GNP, for example, that is, the number of jobs and the number of housing units, and indeed, the total population of the Nation increased in each of those years that you are showing us while the number of persons employed in the Federal Government, for example, remained virtually the same?

Mr. MYERS. Do you mean essentially the same? That is correct.

Mr. MOFFETT. I am really not sure that that comparison is a fair one.

Second, of course, you will have as much time as you need to respond, but let me say this in the second place.

It might be more fair to compare Federal performance with that of other institutions, such as business. If you have those kinds of figures they might be interesting. Some of us know the extraordinary things going on in the large institutions in the business community, some of which has been highlighted by your own Department witnesses who have appeared here yesterday.

So, we appreciate that. I am just not sure that it is a fair comparison, but we can discuss that later.

I apologize for interrupting. You may proceed.

Mr. MYERS. I think I can comment on that at this time.

Mr. MOFFETT. Certainly.

Mr. MYERS. That is a good point. I should have made the point that this is raw data and has to be compared, or rather normalized, to really give a complete picture.

The fact is that the industrial sector has had a 6-percent reduction in energy over the last 5 years with a 12-percent increase in productivity.

So, on a normalized basis you could say they had a 18-percent reduction.

They have a very strong and aggressive program that is supported very strongly by the Department of Energy through our R. & D. programs.

On the other hand, the commercial and residential sector really has not done well at all. There we come to some of the attempts in commercial buildings, for example, to go to mandatory rulings to be able to get more aggressive action by those people.

You will find that those kinds of actions are happening now within the Government. We will be discussing those as we go through our testimony today.

I do not represent the Federal Government's total performance as evidence of the merit of our Department in general, or the Federal energy management program in particular. There are

many things that enter into the whole picture of Government energy conservation.

I will give you one example.

In our energy savings in 1978 the Department of Energy at the time of the coal strike actually cut deeply into some of our science programs. We actually reduced the use of energy at some of our accelerators and at several of our physics projects that use a large amount of energy.

We cut back on our diffusion program for the enrichment of uranium. Those are operating energy savings which must be considered in the overall energy saving programs by each of the departments.

We are finding that the buildings programs by themselves are not going to meet the total 5-percent reduction in energy that the President is now calling for.

So, we are going to be moving into the area of working with the departments, the other departments of the Government, and actually looking at their improvement of efficiency in operations to be able to make the savings that the President has asked for in 1979 and 1980.

We are now in the process of issuing procedures for the conduct of the preliminary energy audits and the guidelines for the preparation of the building plans. These procedures and guidelines are now in publication. We have copies of them today that we would be pleased to submit for the committee.

Mr. MOFFETT. We would appreciate that.

Mr. MYERS. As for the final rules, they will be published by the end of August.

We are in the process of issuing a life-cycle costing methodology to be adopted and used by Federal agencies. This methodology has now been approved and is being published in the Federal Register.

We also have a copy of that for the committee.

We will prepare a Federal-wide 10-year plan for energy conservation in Federal buildings. Phase I of the program will be completed in September 1979 and phase II, including the agency inputs to us, will be completed by August 1980.

We prepare and submit reports to the President and Congress on Federal energy conservation activities, including the annual report to the Congress required by the EPCA which was completed this past February and is in the White House.

There is the annual report to the President required by Executive Order 12003 which will be submitted in August 1979. There is the report to the Congress on the results of the preliminary energy audits of Federal buildings with 30,000 or more gross square feet, as required by NECPA which is due on August 15, 1979.

I would like to cover the guidelines for building plans briefly. Then I will cover the cost-effectiveness methodology.

One of the important activities is getting the guidelines for building plans issued to Federal agencies. As I mentioned, they are ready for publication in the Federal Register. These guidelines specify what the content of the agency plans should be. They incorporate the President's energy reduction goals.

During the development of these guidelines, I determined that there are provisions that need to be strengthened to put the Federal Government in a stronger leadership position.

Incidentally, that did contribute to some of the delays in the completion of those guidelines.

We rewrote the guidelines to include an acceleration of the completion of the technical surveys to the end of fiscal 1982. They had been scheduled to be completed by 1985. We wanted to accelerate to 1982 so we would have the base line data to run the cost-effectiveness studies that would be used in our support of these programs with OMB.

We wanted to emphasize the use of renewable energy resources, such as solar, by requiring all new Federal buildings to have one or more renewable systems installed unless the agency can demonstrate that this approach would not be life-cycle cost effective.

In other words, we take the positive approach to solar energy in the new guidelines.

We require the agencies to identify the potential uses of renewable resources in their conduct of preliminary energy audits, establishment of goals, and development of plans and progress reports. We have included in the guidelines for comment the reduction of the use of petroleum fuels by 30 percent in buildings by 1985.

That is a dramatic reduction in petroleum fuels. We are finding some questions as to whether that is an achievable goal. But we have included it in the guidelines.

These guidelines are now being published and we will have, as I said, a final on that in August.

Now let us talk about DOE's in-house initiatives. We are a large user of energy. We have had a very aggressive plan in-house for improving our energy use.

The Department of Energy has already, or has planned to invest \$75 million during the period of 1977 through 1980 to retrofit our own facilities for energy conservation. That \$75 million started out in 1978 at \$14 million.

I think it is important to note that conservation efforts prior to 1978, was mostly in the area of turning down thermostats and small changes in balancing heat and air-conditioning loads. These are the same kinds of things that industry did early on in their savings programs.

We have started to move into the area where we are really doing cost-effective conservation modifications, such as time-operated thermostat controlled building and more importantly, the innovative new energy conservation measures that we have developed and are now installing in our own buildings.

But that point of \$14 million being spent in 1978 really does not result in machinery in place for 1 to 2 years after that. It takes time to get those things in place.

Those payoffs really start happening in 1980 from that \$14 million.

When I came into the Department we aggressively pursued an increase in both our activities, as well as activity in the other departments and agencies. We increased DOE's funding to \$25 million in 1979.

In 1980 we are asking for \$41 million to be spent in our Department in our various facilities for conservation activity.

I might add that in the overall Federal Government there was \$129 million spent in 1978. There was \$211 million in 1979, and the requests in 1980 are for \$234 million. That is for the six largest users in the Government's operation. That is the six largest departments.

That is DOE, DOD, the Postal Service, GSA, NASA, and VA.

We already have about 50 vanpools in operation at five of our sites, including Washington, D.C. We are in the business of installing newer technologies into our activities. We are retrofitting 10 of our facilities with solar systems.

We are burning a 50-50 mix of liquid waste fuels and fuel oil in our central plant at the Brookhaven National Laboratory. At our Idaho National Laboratory, we are drilling a geothermal test well to determine whether we can actually heat our laboratories out there in Idaho with geothermal energy.

Mr. MOFFETT. For the record, let me ask you this.

You gave us some figures, like \$129 million in 1978 and \$211 million in 1979 for the six largest departments; is that right?

Mr. MYERS. Right.

Mr. MOFFETT. That has nothing to do with this program; does it?

Mr. MYERS. Yes; it does. It certainly does.

That is the amount that is being used by the various departments for conservation activities with respect to that program. Of that, for example, \$14 million in 1978, \$25 million in 1979, and \$41 million in 1980 is for DOE in-house activities.

That is being handled by our Office of Administration.

In the case of the DOD, for example, George Marienthal, who is the Deputy Assistant Secretary for Energy Environment and Safety, is the man we work with in DOD on energy conservation. We will talk about some of those programs.

He works with us very closely on these programs in developing their budget for conservation activities by DOD in this area. The DOD budget in 1979 was \$117 million and in 1980 it is requested at \$144 million.

Mr. MOFFETT. This is all to bring about conservation within the Federal Government?

Mr. MYERS. These are all Federal Government conservation activities. The answer to your question is, "Yes."

There are lists of proposed savings that are brought into the Department and reviewed each year for development of the budget.

I have been personally involved in selling these programs to the Office of Management and Budget. This, to me, is the real key to the measures in the future as far as our savings are concerned.

We cannot make these savings without major capital expenditures now. It used to be that you could do it with relative simple and small actions.

We have such things as the drilling of the geothermal test well. That comes out of this program as a means of finding new and innovative ways to save energy.

At the Hanford site, for example, we are developing a project to fire one of the boilers with diseased wood and waste wood projects from the nearby national forest.

We have projects to heat facilities at two of our gaseous diffusion plants with the waste from the diffusion projects.

We are studying our major central plants in an effort to reduce our petroleum and natural gas consumption.

In these cases, we are making a transfer to coal. It really will not show up as an energy saving, but it will show up as a reduction in petroleum use. That, to me, is an extremely important part of what we are all looking for in the total reduction in energy.

One of the important things in these activities by the Department of Energy is that we are able to use the technologies that are developed in conservation and solar activities over all development programs.

When they get to a place where they are ready to demonstrate that we can use them then in our Federal energy management programs, first in DOE, and then, as you will see later, we have begun to work very closely with DOD on the utilization of some of these advanced technologies for energy savings by the Department of Defense.

We set up a working group in February 1978, just a few months after the Department of Energy was formed, to work with the Department of Defense on initiatives of potential value to both agencies.

DOD's objective in reducing its consumption of energy and its dependency on foreign sources of oil is that of accelerating the development and early commercialization of new energy technologies.

By gaining experience in the construction operation and maintenance of new systems, and by enabling manufacturers to get on what we call the learning curve through early DOD buys, then we can arrive at that goal.

There are various initiatives identified by the working group and the following were selected for additional funding: photovoltaic activities, solar heating and cooling of buildings, wood-fired central heating plants, geothermal space heating, and DOD-DOE show-cases.

These programs are underway as part of the Federal photovoltaic utilization program and solar heating and cooling demonstration programs for Federal buildings. We integrated our activities here and used the funding that we had, both in the photovoltaic utilization program and the solar heating and cooling demonstration program for Federal buildings.

In this integrated program we have over \$1.5 million of 1979 DOE funds for the DOD photovoltaic projects, and \$4 million of fiscal year 1979 DOE funds have been planned for solar heating and cooling demonstration projects.

DOE has provided \$300,000 in 1979 for the Department of the Army for initial design of a wood burning system, including wood gathering and processing technology at Fort Stewart, Ga.

We have provided \$500,000 in 1979 at the Department of the Air Force for the investigation of geothermal source at Hill Air Force Base, Utah, and for drilling a production well. That geothermal energy will be used to heat warehouses and other buildings and reduce the use of oil.

We selected with DOD showcase projects that give high visibility, both in the military programs as well as the civilian programs as to cost-effective energy resource management techniques and advanced energy technologies that we combine in one place for an overall demonstration.

The sites that we selected with the Department of Defense were the Red River Army Depot/Lone Star Army Ammunition Plant in Texas, McClellan Air Force Base, Calif., and the Sewells Point Naval Complex in Virginia.

These showcases will be used to demonstrate and evaluate micro-processor-based controllers which are for control of energy throughout the overall facility; building and system design optimization; energy loss diagnostics; waste heat utilization; and heat pump and ground water sinks.

In addition, the following technology options are being evaluated for possible implementation: solar heating and cooling, photovoltaics, fluidized-bed combustion, coal gasification, and cogeneration activities.

In brief, we have a balanced program of joint initiatives now underway. The Department of Energy is providing \$7.8 million for fiscal 1979 definition activities with DOD. Beginning in 1980, DOD is expected to use some of its own funds for these initiatives and probably some of ours.

We are confident that both agencies will reap significant benefits from these initiatives by finding better ways to save energy and to substitute solar and geothermal energy for petroleum-based fuels.

Another area that we worked on very strongly is the "656 Committee." There is a section 656 of the DOE Organization Act that calls for eight departments and agencies to designate an Assistant Secretary or an Assistant Administrator as the principal energy conservation officer.

We took the initiative to form a committee with those agencies, plus two others. We added NASA and the Veterans Administration to set up what we call the 656 Committee.

We can, therefore, communicate directly with the people in each of these departments who have the responsibility for conservation.

I think it has been a very significant improvement in our ability to establish a leadership role with these departments by formulating the 656 Committee. We overcame a lot of the resistance and hesitancy that these departments had about our being in the guideline and management role in conservation activity.

I think those objectives that we had in setting up the Committee are really being met.

To date, I have hosted two meetings of the Committee. The first was in September 1978, at which we reviewed the energy conservation programs of DOE, DOD, and NASA for the other agencies because those are really the ones out ahead.

The second meeting was held in March 1979 and principally dealt with energy plans to deal with the Iranian situation as outlined in their responses to a Presidential memorandum of February 2, 1979, and included a discussion of the soon to be published FEMP guidelines.

The 656 Committee will meet approximately every 6 months unless circumstances warrant special meetings more often.

In conclusion, Mr. Chairman, there are those who say that we have not done enough, or moved fast enough in FEMP. I tend to agree with that assessment, but I would also point out that there are some good and valid reasons for the delay we have experienced.

The Department had to be organized. The National Energy Act was enacted only last November, and we wanted the guidelines for this program to include the provisions of the NEA.

That may have been a mistake on our part. We think that now, looking back, we should not have waited for the enactment of the NEA before we got our guidelines together. I think we should have gone out earlier.

But so be it. That is where we stand now.

I think we have made stronger guidelines as a result of the delays because we have incorporated the very strong action by the administration with respect to conservation. It showed up in the response to the Iranian situation.

Since the enactment of NEA, we have moved aggressively to implement the program and to assert a leadership role for DOE. But next year will be an active and exciting period in the Federal energy conservation program.

At the end of that period, I hope we can all agree that FEMP is where it ought to be in making Federal energy conservation an example for the rest of the Nation to follow.

I would be delighted to answer any questions.

Mr. MOFFETT. Thank you very much for your testimony.

The Chair is now going to recognize members for questions. The Chair recognizes first the gentleman from Indiana, Mr. Fithian.

Mr. FITHIAN. Thank you, Mr. Chairman.

I have so many questions I am not really sure where to start.

I would like you to explore my first segment of questions on this point.

What have you done with regard to trying to conserve energy with regard to vehicle use in the Federal Government?

I was on this committee 2 years ago when we talked about vans and so on, but I do not want you to address your thoughts to that.

If the information I have is correct, 55 percent of the American Government's use of energy is in transportation; is that correct?

Mr. MYERS. That is very closely the figure, yes.

Mr. FITHIAN. If that is the case, have you thought, for example, of working with OMB, or someone with sufficient clout?

I thought under the legislation you had sufficient clout without having to go through OMB, but have you thought about working with OMB and putting some real muscle into standards for purchase requirements for automobiles and miles per gallon requirements and so on? Have you done anything in that field?

Mr. MYERS. There are rules that have been established for the reduction of energy use in transportation. There are rules that will assure minimum statutory requirements for fleet average economy for 1978 to reduce by 2 miles per gallon; for 1979 by 3 miles per gallon; and in 1980, 4 miles per gallon.

The administration is ahead of schedule on that.

Mr. FITHIAN. What does that work out to be and where are we?

Mr. MYERS. We are on schedule and we have gotten a little ahead of schedule.

Mr. FITHIAN. What are the numbers?

Mr. MYERS. It means changing over to smaller cars, basically. GSA is in the process of changing over to smaller cars.

In the Department of Energy we are finding in training programs, for our drivers for driver education, that we can reduce the consumption. Those ideas are being promulgated through the other agencies.

We are, in fact, going further than that. Our work in 1978, that is, rather in 1979, through 1980, we are beginning to introduce gasohol in some of our cars.

We are looking at the potential of using some of our electric cars in the various agencies—DOD, the Postal Service, and the Department of Energy, for further reductions in petroleum.

That is not in itself a full reduction, because there has to be energy generated for recharging the batteries of those cars, but it is in the right direction as far as overall reduction is concerned.

Mr. FITHIAN. I believe in your testimony and some of the material that we have from you, the Federal Government has 650,000 vehicles.

Mr. MYERS. Right. Over 600,000 including planes and ships.

Mr. FITHIAN. I have not worked out the mathematics, but if we were to adopt the principle in the Federal Government to say that no funds could be used to purchase a car that did not have 21, 22, or 23 miles per gallon, then what kind of savings would that represent?

Mr. MYERS. We could probably calculate that. With the set of rules we have here, we are actually ahead of the DOT standards right now inside the Federal Government.

So, in that sense, we are doing better than the national average in the use of vehicles.

Mr. FITHIAN. I happen to be of the opinion we ought to do a whole lot better than the national average. I am not sure that the Federal Government—I appreciate the fact that we are making some progress. I am not here to denigrate the efforts that we have made and the successes that we have had, but I guess my general feeling is this.

We have not been bold enough. I wonder if you have been courageous enough. We have not had much revolutionary thinking in the Federal Government on the whole matter of conservation.

We have focused, it seems to me, much more on buildings, which is all right, which is 39 percent of the Federal usage, but we need some dramatic strokes, such as an absolute minimum miles per gallon requirement throughout the Federal Government.

I think that would take us further than all the other programs combined.

Second, I think it would get a message to the automobile industry that no other purchaser could even come close to getting across.

I, as an individual, might refuse to buy a car because it only gets 9 miles a gallon, but if the Federal Government refused to buy 650,000 cars that did not make 21 miles a gallon, can you foresee what kind of revolution this would make in terms of lifestyle in this country and the kind of example the Federal Government could really be setting in this area?

Mr. MYERS. We are with you. We think the idea of having the Government do better than the national average makes all kinds of sense.

We are in the position now where in 1979, the Federal Government's requirements call for, through the set of rules, 20.5 miles to the gallon in 1979.

So, we are doing better by about 2 miles per gallon than the national average.

Mr. FITHIAN. Would your Department support any of us who might start off with an amendment like that to an appropriations bill?

Mr. MYERS. I think the problem I see is the question of how rapidly you can bring these things about. The ruling of the 2, 3, and 4 miles was worked out very carefully from the standpoint of the economy of changeover of cars.

Mr. FITHIAN. I understand the concept of how you gradually go fleetwide, but I am talking about a blunt question—would you support an amendment to various appropriations bills that come before us in Congress that would just say flat out that no department could spend any money that is appropriated for the purchase of cars that perform at less than a figure that is reasonable, like 22 miles a gallon, or something like that?

Mr. MYERS. The question is whether you need something more than what we have. It is moving strongly in that direction. It is much better than the national average mileage. We are on schedule on that plan.

Mr. FITHIAN. You are not ready to commit yourself; is that right?

Mr. MYERS. I will not commit, but I will say in a general sense that actions by the Congress certainly are needed and are proper in the area of showing more aggressive action on the part of the Government in energy savings than in the private sector generally.

On the other hand, I think that since we are only dealing with 2 percent of energy within the Government, that the private sector conservation measures also are extremely important and must be pressed.

Mr. FITHIAN. I understand that. I was taking some exception, I guess, to your testimony on pages 4 and 5 where you said: "We do not, and, in fact, cannot play the role of Energy Policy Czar within the Government."

If you do not play that role, then who will?

If the President is correct that we are faced with a national energy crisis and I happen to believe that he is correct, then I think that the Department down there—and your Division in particular—ought to be a whole lot more bold and aggressive. I think you are being far too timid.

Mr. Chairman, I am sure I have used more than my 5 minutes, but I would like to urge you to take a much more aggressive stance that you have and to get your show together so that you can really make a substantial difference.

I think we have just scratched the surface down there in the last 2 years in the Department in making any reasonable inroad in this major national problem.

Thank you, Mr. Chairman.

Mr. MOFFETT. The gentleman will get a chance on the second round of questions.

I recognize now the gentleman from Pennsylvania.

But before that I might add to the gentleman's concern regarding transportation.

The testimony yesterday indicated, as you may recall, that there is not one single person charged exclusively with looking at transportation conservation within the FEMP program, which is very troubling to the Chair, and I think some members of the subcommittee.

The gentleman from Pennsylvania, Mr. Kostmayer?

Mr. KOSTMAYER. Thank you, Mr. Chairman.

I have a couple of thousand constituents on the steps of the Capitol, so I have a little bit of time, I am sorry to say.

Yesterday we heard from the GAO. On page 2 of your testimony you say that your record has been very good. GAO, as you know, sir, failed to give you a passing grade yesterday. You have given yourself a very good rating, which is a B-plus, I suppose. They have given you an F.

What could possibly account for such an extraordinary discrepancy?

Mr. MYERS. I think the very good comes from my view of DOE's role. The difference in grading comes from the issues brought up by Mr. Fithian which is the question of should we be an energy czar. We do not believe we should.

We have worked with some direction from the Congress. We have worked with some direction from the President. We are the managers with the different departments of the Government working for conservation reduction.

The problem we get into in being a czar is this. I am the czar of energy within the Department of Energy. When we ran into the coal strike last year, we worked through our peer groups to find places where we could cut down on energy to save so that energy would actually be available for us in the rest of the country.

We can do that. We cut out the physics program. We stopped accelerators. We reduced the energy being used for enrichment of uranium. We took actions which had a violent effect on our actual programs, the operations of our Department.

But I do not want to be the guy who determines that we are going to shut down B-52 training programs.

Mr. KOSTMAYER. I do not think anyone is suggesting that.

Mr. MYERS. That is the point I am making. I am not a czar of any energy reduction. I am carrying out the mandates of the President and the Congress with respect to developing within the other departments programs which will lead to meeting those goals that we are looking for. We will insist on that.

Mr. MOFFETT. Will the gentleman yield?

Mr. KOSTMAYER. Certainly.

Mr. MOFFETT. You do not have to be an energy czar to have one person working on transportation, obviously.

Transportation conservation could be assigned to one person. You say you are carrying out the mandates, but you really do not have to be an energy czar to meet deadlines. That is something

that I think the record establishes. You are not just missing an occasional deadline. You are missing all of them.

So, I do not think we are suggesting, that is, I do not think anyone here is suggesting a czar in the strong-arm sense.

I thank the gentleman for yielding.

Mr. KOSTMAYER. I will quote very briefly.

Mr. MYERS. I accept that point.

Mr. KOSTMAYER. I accept that also. I agree with the chairman. I would not want you to get into the business of telling the military what to do. That is not your job. I know how you feel about receiving a lower grade than you should. I understand that problem.

But briefly from the GAO testimony:

While we have been reporting these problems in the last 2 years, DOE has taken no corrective action and, in fact, seems to be de-emphasizing the role in the Federal energy program. This inaction was underscored in February 1979 when the President found it necessary to issue a memorandum which directed the Agency to establish goals and prepare plans and implement instructions for Federal energy use. All these actions were required several years ago and, in our opinion, should have been accomplished long before now.

I do not think any of those required you to be a czar. They are much within your purview.

On page 11 of the GAO testimony it states:

In spite of such legislation, the Department of Energy has consistently refused to undertake the role of leader and manager for Federal energy conservation.

You might regard the role of lead manager as an energy czar.

This was introduced in the record yesterday. It is a memorandum, but it looks like a simple telephone message. It is dated August 17 of last year when Mr. Young was with you. He was on your staff. He is no longer with you; is that correct?

Mr. MYERS. That is correct.

Mr. KOSTMAYER. Who was he?

Mr. MYERS. He was my Deputy Under Secretary of the Department of Energy.

Mr. KOSTMAYER. He called some people over at FEMP, according to this, and quoting from the telephone message, he—

Mr. MOFFETT. Mr. Myers, do you have a copy?

Mr. MYERS. Yes, I do.

Mr. KOSTMAYER. Quoting the memorandum or message—and this means Mr. Young: "He said there could be no issues because I agree with OMB. This program will be as simple and lighthanded on the agencies as man can devise." Speaking to the FEMP, "you apparently do not understand what the front office wants."

The front office is apparently you, Mr. Myers. Does it reflect your position toward the other agencies that, in the words of your Deputy, this program should be as lighthanded as possible?

Mr. MYERS. I think Mr. Young was trying to make a point.

Mr. KOSTMAYER. That is what I am afraid of.

Mr. MYERS. But let me emphasize this. It has been through my initiative that we have brought together what we call the 656 Committee. We have developed a very good and strong working relationship with DOD. We have now come up with these very strong guidelines. We just submitted those for the record today.

So, we have taken aggressive action.

The difference is the one of whether we become prescriptive in the details of the guidelines to the different agencies or whether we develop with them a program of cooperative action to meet the goals that the President set out.

Let me comment on a couple of other points. The February 1979 memorandum from the President was prepared by Maxine Savitz and her FEMP people—with the Federal energy management people.

We were the people who put that together and brought it through the system and had the Secretary go to the President with that to direct the agencies to meet these goals.

We now are in the position to meet with the other agencies. I guess the word is to "police whether they are, in fact, meeting those directives and aid them with ideas on just how to meet those objectives that are involved."

I am talking about the transportation area. From the transportation standpoint, we have a transportation organization within Conservation and Solar Applications.

We use a technique called matrix management in the Department where we have management of a program in the Federal Energy Management Program Office, but they utilize the capabilities of our development people and the transportation people and so on in putting together the ideas.

They then bring together the expertise in transportation to apply to this program.

Mr. KOSTMAYER. So what you are really saying is that the fact that Mr. Young is no longer with you is a problem of semantics. I suppose he is retired. But he uses the term "lightheaded." Your interpretation of that is that essentially you are not to be the energy czar and it is supposed to be a simple procedure. It does not mean lightheaded.

Mr. MYERS. It does not mean lightheaded. We have had strong words with the various departments in our meetings.

I think what we are trying to do is to develop a team. They all understand the importance of energy savings. They all have direct input from the President as to what he is looking for. We have been initiators of these. We are getting that teamwork from the different departments.

Mr. KOSTMAYER. Thank you, Mr. Chairman.

Mr. MOFFETT. The gentleman's time has expired.

Mr. Myers, I would like to ask a couple of questions.

On page 2 of your prepared statement you say this:

Since 1973, the year of the embargo, the overall performance of the Federal Government and energy conservation has been very good.

One can take the numbers that follow in your testimony and present them in all sorts of ways, but there is one set of numbers which in my view, at least, tells a great deal more.

In the last sentence on page 2 you indicate that the 1978 consumption was 276 million barrels of oil equivalent. Is that correct?

Mr. MYERS. That is correct.

Mr. MOFFETT. How much energy did the Federal Government use in 1976, that is, 2 years before that?

Mr. MYERS. In 1976, 276.

Mr. MOFFETT. The same amount?

Mr. MYERS. Yes, the same amount.

Mr. MOFFETT. If the Government used as much energy in 1978 as it did in 1976, then how in the world can one claim that the Federal Government is doing a very good job in conserving energy?

It seems to support the assertion that the conservation program has been at a complete standstill for the last 2 years.

Coincidentally, this coincides with your tenure in this particular job. That may be coincidental.

Mr. MYERS. I was not here in 1976. I was here in 1977.

The numbers really show that in 1976 and 1978 we used the same amount of energy, but in 1973, before the embargo, we used 390 million barrels of oil, as compared to the 276 in 1978.

There have been major reductions, mostly from the Department of Defense through the use of simulators and so on.

Mr. MOFFETT. We have made progress, but now we are at a halt.

Mr. MYERS. We are not at a halt. We are still developing now beyond the simple things that were able to be done. I think these have been done, not only by the Government, but by the private sector in industry and commercial and residential areas where it is simple to do. The simple things have been done.

We are now in the business of having to do with what amounts to cost-effective tradeoffs that lead to relatively expensive installations.

The kinds of funds that we had in 1977—and it usually takes about 2 years for these things to come into effect—the amount of money that we had for this kind of activity in 1977 was really very low. It was the beginning of that program to develop ideas first by auditing the facilities and finding out where the good programs could be applied and then getting to OMB and getting funding in the program to move.

We have gotten very good cooperation from OMB on our programs and support of the programs by the other agencies. We are beginning to move, but it takes times for these things to come on line.

Mr. MOFFETT. I have some sympathy with your assertion that the first whack gets you more conservation, but still it is rather striking that in a 2-year period we do not see any conservation to speak of.

But let us go on to some other questions.

Would you agree that a meaningful conservation program is one that stresses not only the reduction of energy consumption overall, but focuses a little more closely and says that we are going to concentrate on reducing the use of some of the less plentiful things such as oil and some of the less plentiful products, like gasoline, while increasing the use of coal?

Is not that generally part of the foundation of the Carter plan?

Mr. MYERS. Yes, it is.

Mr. MOFFETT. To increase the use of coal?

Mr. MYERS. Yes.

Mr. MOFFETT. From your perspective as the Government's conservation director, how successful do you think the Government itself has been in increasing its use of coal at the expense of other fuels and at the expense of electricity?

Mr. MYERS. We are now beginning to make some real inroads in that area. There is a revision underway to one of our facilities at Argonne to move from gas to coal. There are general reductions that we are applying to the use of gasoline with a 10-percent reduction in gasoline consumption, which we are requiring for the period April 1, 1979 to April 1, 1980.

We are concentrating on oil reduction. The new guidelines that we put out ask for a 30-percent reduction in petroleum use by 1985.

Mr. MOFFETT. Mr. Myers, if I might, at this point, without objection, let me introduce into the record our exhibit, Comparison of Federal Energy Use for Fiscal Years 1974 and 1977 by Fuel Source.

Without objection, that will appear in the record at this point.
[The material follows:]

COMPARISON OF FEDERAL ENERGY
USE FOR FISCAL YEARS 1974 and 1977 BY
FUEL SOURCE

FUEL SOURCE	FUEL USE		PERCENTAGE CHANGE		RELATIVE FUEL USE EXPRESSED AS A PERCENT OF TOTAL		CHANGE
	1974	1977	CHANGE		1974	1977	
ELECTRICITY	371.3	425.2	53.9	14.5 %	22.0%	25.9%	+3.9%
GASOLINE	54.0	63.9	9.9	18.3%	3.2%	3.9%	+.7%
PETROLEUM	1038.1	954.6	-83.5	-8.0%	61.5%	58.1%	-3.4%
NATURAL GAS	153.6	138.9	-14.7	-9.5%	9.1%	8.5%	-.6%
COAL	67.5	49.2	-18.3	-27.1%	4.0%	3.0%	-1.0%
OTHER	3.4	9.7	6.3	185.3%	.2%	.6%	+.4%
TOTAL	1,687.9	1,641.5	-46.4	-2.7 %	100%	100%	

Source: DOE's 1977 Annual FEMP Report and FEA's 1974 Annual FEMP Report

Mr. MOFFETT. This exhibit, if you will look at it, shows that the Government's use of electricity has increased substantially in 1977 over 1974. You are talking about gasoline.

Gasoline usage as this exhibit shows, has increased 18.3 percent while the use of natural gas and coal have declined 9.5 in the case of natural gas and 27.1 percent in the case of coal.

Here we have a Federal energy policy which says use more coal and cut gasoline consumption. Here we have a Federal energy conservation program which is doing the opposite. There obviously are other figures we could look at, but these are pretty telling figures. These are DOE's own figures.

They show 18.3-percent increase in gasoline and a 27-percent decrease in the use of coal.

So, I look at this in terms of an example. Are we not setting the wrong example for the rest of the country? What are we doing about correcting it?

Mr. MYERS. I can only say that we are out of phase. We are out of phase. We actually made a changeover from one of our boiler systems at Argonne which was on gas. We changed over; that is, it was on coal and we changed over to gas.

That completion probably happened in this time period. We are now in the process of changing back to coal.

We were out of phase in some of these actions.

Mr. MOFFETT. The Chair has other questions, but I would like to yield at this time to the gentleman from Indiana, Mr. Fithian.

Mr. FITHIAN. Thank you, Mr. Chairman.

I would like to explore what we are doing to save gasoline by developing alternate, or encouraging alternate sources of fuel for automobiles.

I am thinking not only of ethyl alcohol production, which we will get into in a moment, and the prospects of ethyl alcohol production and usage, but I wonder if that comes enough under your purview that you could bring us up to date on what you are doing.

I have some fixed notions which I hope are wrong.

Mr. MYERS. We are supporting gasohol with a strong incentive by taking off the 4 cent excise tax. It really does energize the system.

The trouble is that it was only taken off until 1984. The President now has proposed taking it off until 1994, which would allow industrialists to build the gasohol plants. They would get a payback in the time period. It would make that an attractive investment.

We think that will really push the gasohol program even stronger than it is now.

In the other areas, we are, as you may be aware, developing new engines which are insensitive to gasoline. The sterling engine will burn anything that burns. We are in the process of developing a sterling engine program.

We have a turbine program under development which also would use alternate fuels of almost any kind. We are strongly supporting a health effects program that EPA has underway in the diesel program.

Our program actually is looking at means of improving the particulate exhausts from diesels and really trying to understand whether there is, in fact, any health problems associated with diesel exhausts.

So, we are supporting strongly the diesel program.

We have a task force working with DOT and the science advisor of the administration on the whole question of the new and highly improved internal combustion engines.

Our Bartletttsville facility is actually doing testing on hemisphere combustion, internal combustion engines, and any other ideas that come up that look like they may really apply to improved efficiency in these areas.

Mr. FITHIAN. Are you familiar with the cellulose hydrolis program for wastes?

Mr. MYERS. I would like to have Maxine Savitz speak to that.

Ms. SAVITZ. That is a test program we are doing with Navy laboratories. It is looking to convert cellulose to ethynol. It is part of an urban waste program.

Mr. FITHIAN. Are you familiar with TSAO process?

Ms. SAVITZ. Not by name as such, no.

Mr. FITHIAN. Let me urge you to become familiar with it. It is not just a provincial pitch, Mr. Chairman. It happens to be a major breakthrough in the field of energy by a professor at Purdue University whose work was adjudged in a report by Betell to the Department of Energy a couple of years back as the most startling development in cellulose chemistry since that field was discovered over 200 years ago.

I can go on at great length because I have worked with this professor closely. It is the most exciting thing I have ever worked on in my life.

But with that kind of development and through the USDA program through the other committee that I am on, there is a pilot program that is going to use this process.

I would urge you to follow that.

I am more than a little discouraged because of what I believe to be the DOE's views on the whole matter of alternate fuel developments of ethyl alcohol and methyl alcohol producing fuels from all kinds of cellulose and wastes.

We wrestle in this country with over a billion tons of what we now call cellulose waste every year. That should never be considered any more cellulose waste. It is an absolutely existing prospect for energy development.

I am particularly discouraged by your colleague, Mr. Myers, who regards this whole field, if he is being quoted correctly "as a pipe dream."

I happen to personally believe, Mr. Chairman, that that is what the Department of Energy really thinks. I happen to believe that there are people who are down there who are really calling the shots who have an altogether different slant than what is being presented here today.

I did not come to this overnight. I have been working on this particular angle of energy for 3 years. I have to tell you this morning that we have had nothing but feet dragging, opposition, and hostility to the very kinds of things that I would expect, and have indeed received, from the major oil companies in this country.

I happen to personally believe that your staffing down there, unless it has changed, will never allow us to go beyond two major sources of energy—petroleum and nuclear power.

I do not think, Mr. Chairman, that this is any coincidence, or just a happenstance about the figures about the coal that you talked about.

As far as that is concerned, the coal is the orphan child of the energy family, has been, and will continue to be until we get some different thinking down there, despite the fact that anybody who has any lick of sense about the energy matter knows that there is a greater resource in coal in that whole conversion program than in all the sources of energy combined.

This is to say nothing of the more sexy solar energy and the rest of them.

What I am saying is what I felt very seriously for 2 or 3 years. It is not personally directed at you. I have to tell you that as one Member of the Congress, I am so thoroughly disenchanted with the direction, the activity, the performance of that Department down there, that I am more than frustrated. I do not know how to cope with this.

When we have Deputy Secretary O'Leary regarding things that the DOE has actually paid for in terms of research, and when it has been demonstrated as tremendous positive advances, and when we have him wave the hand as though he is the president of Exxon saying that this is not something we ought to be considering, then I wonder.

I am sorry for the monolog, Mr. Chairman, but in my office I have a stack of evidence very high that the real performance of the Department of Energy is almost totally geared to preselected notions as to what ought to be the energy sources for this country.

So, all the rest of this comes to this. I know we are dealing with energy conservation, but if you are talking about conserving gas, then you have to talk about all the other alternate sources of energy that are there to be substituted for gasoline.

There are hundreds of ways in which conservation can be made meaningful.

I do not get much chance to talk with you. I want you to take the message that I am totally unimpressed with Mr. O'Leary and Mr. Schlesinger. I do not know you. What you have said this morning is very impressive; I must say that.

But I must tell you that as one Member of Congress I am thoroughly unimpressed with the administration of that Department and thoroughly unimpressed with any degree of commitment to the major energy problems of this country, and totally unimpressed with anything that they are doing except to try to promote the use and salvation of this country through the use of more petroleum and finding more petroleum somewhere and developing more nuclear power.

I do not see anything else down there, to tell you the truth. I do not know anybody down there who has any clout at all who stands up for coal.

Do you have anybody down there? Give me one person in your Department down there who would go to bat for coal. Give me one person who would go to bat for biomass conversion for energy sources.

Mr. MYERS. May I answer the other questions?

Mr. FITHIAN. Certainly.

Mr. MYERS. Mr. Schlesinger, Mr. O'Leary, and myself have worked aggressively, longer than 2 years for the others, but for myself at least 2 years, to get on line the beginning of full-scale demonstration plants of solvent refined coal and to get on line a full-scale demonstration plant of high Btu gasification.

This is the first time the United States has put together a full-scale plant of this nature. We have worked continuously on getting oil shale in the business so that we could use an oil source within this country that is absolutely unique and has never been into a commercial application before.

We are now aggressively pursuing—by the way, Jack O'Leary's initiation has brought a coal-oil mixture to try to burn in present oil burning utilities so that at least we can get half coal into those facilities.

We have almost a billion dollars a year going into coal development programs.

Mr. FITHIAN. Would you compare for me, in terms of the money you lay out, the amount of money that the Federal Government pours into nuclear research and development as compared to coal or as compared to biomass conversion?

Is it not something like \$100 to a nickle?

Mr. MYERS. No, we have put about a billion dollars into the nuclear energy program. I will get that for the record.

Mr. FITHIAN. Would you do that?

Please include the R. & D. budget also. There are a lot of ways you spend money down there.

Mr. MYERS. I will give you the fusion programs, which do include some military activity, and the solar energy and the fossil.

Would that be the kind of breakdown you would want? They are about balanced.

Mr. FITHIAN. Give me the four areas that we perceive as the sources. One is nuclear. The other is the various coal programs. The third would be solar. I separate biomass conversion from solar in my own thinking of the energy situation.

In other words, just the broad categories of energy, and include in it not just the money, but the personnel as well.

The chairman has raised the question this morning as to how can we have an effective energy conservation program if you do not have anybody who is specifically assigned to these programs?

I would like to know the resource allocation.

Mr. MOFFETT. Without objection, we will leave the record open to receive that.

So ordered.

[The material follows:]

4/27/79

SUMMARY TABLE
SELECTED DOE PROGRAMS
FY 1978 - 79
Dollars in Millions

	FY 1978		FY 1979		FY 1980	
	BA	MY	BA	MY	BA	MY
NUCLEAR <u>1/</u>	\$ 1,258.1	\$ 831	\$ 1,269.4	\$ 845	\$ 1,280.2	\$ 837
COAL <u>2/</u>	673.8	1166	697.7	1329	689.9	1282
SOLAR	394.1	135	484.9	170	538.7	171
BIOMASS	21.2	12	43.0	16	57.8	20
DEFENSE	2,517.8	2236	2,638.8	2299	2,863.5	2260
CONSERVATION	537.8	368 <u>3/</u>	676.4	555 <u>4/</u>	555.3	521 <u>5/</u>
TOTAL	\$ 5,402.8	\$ 4748	\$ 5,810.2	\$ 5214	\$ 5,985.4	\$ 5091

1/ Non Defense

2/ Not other Fossil

3/ Includes 75 Regional positions

4/ Includes 123 Regional positions

5/ Includes 100 Regional positions

Mr. MOFFETT. The gentleman's time has expired. I would be happy to recognize him further.

Mr. FITHIAN. I got carried away, Mr. Chairman. I apologize.

Mr. MOFFETT. I have a couple of questions in a couple more areas.

On pages 8 and 9 of your testimony you review DOE's efforts to curb its own energy use. I am sure you agree that if the Federal Government is going to be looked upon as a model for the rest of the Nation in terms of conservation, that it is reasonable for the DOE to serve as a model for other agencies in the Federal Government.

Is that not correct? Would you say that is a reasonable assumption?

Mr. MYERS. That is a reasonable assumption, sir.

Mr. MOFFETT. Where does the DOE rank with other Federal agencies in terms of its energy use?

Mr. MYERS. Terrible. We have not done a good job in saving energy inside the Department of Energy.

Mr. MOFFETT. You may be, of course, anticipating my question, that is, my more specific questions—

Mr. MYERS. You hit it right on the nail.

Mr. MOFFETT. For the record, it is important to have an answer to the question of where DOE ranks in energy use numerically.

Is it not No. 2?

Mr. MYERS. We are No. 2 in use, yes.

Mr. MOFFETT. The energy use of DOE in 1977 was shown as 85 trillion Btu's in your own 1977 report entitled "Energy Management in the Federal Government."

Those figures do not include all of DOE's energy use; is that not right?

Mr. MYERS. It excludes our diffusion plant.

Mr. MOFFETT. How about the weapons production and research?

Mr. MYERS. Only the diffusion activities, I think.

Mr. MOFFETT. You do not publicly report energy consumed by your agency in your weapons production research, do you?

Mr. MYERS. I think we do.

The only thing we exclude is our uranium enrichment facility, which uses such a tremendous amount of energy that it distorts all the figures.

Mr. MOFFETT. We have conflicting reports on that from DOE people.

Could you supply for the record a clarification for us? It may be clear in your mind, but we have received conflicting reports.

Mr. MYERS. Certainly.

Mr. MOFFETT. Without objection, that will be placed in the record at this point.

So ordered.

[The material follows:]

REPORTING OF DOE ENERGY USE

The reports for DOE energy consumption include all consumption by DOE except for the uranium enrichment process. Energy consumed at defense plants, as well as support buildings at the three uranium enrichment plants, is included in the reports.

Mr. MOFFETT. That aside for a moment, having established that DOE is No. 2 in terms of usage, how does it rank with other agencies in terms of conservation?

Mr. MYERS. We are in the bottom half of the top 10.

Mr. MOFFETT. Maybe you do not make the top 10. Let us go into it specifically now.

I would like to introduce into the record a document dated January 30, 1979, obtained from the Department of Energy by subcommittee staff.

Without objection, that will appear in the record at this point.
[The material follows:]

FY 78 RANKING BY TOTAL ENERGY USED

	Btu's 10 ⁹	Percentage of Total Energy Used
Department of Defense	1,376,886.5	80.6
Department of Energy	87,031.3	5.1
Postal Service	54,215.5	3.2
General Services Administration	44,622.8	2.6
Veterans Administration	39,445.0	2.3
Department of Transportation	28,431.3	1.7
National Aeronautics & Space Administration	22,479.6	1.3
Department of Interior	12,427.3	0.7
Department of Agriculture	11,223.0	0.66
Department of Health, Education & Welfare	9,439.2	0.55
Department of Justice	7,167.3	0.42
Department of the Treasury	4,322.3	0.25
Department of Commerce	3,792.5	0.22
Panama Canal Company	2,516.4	0.15
Department of Labor	1,771.1	0.104
Tennessee Valley Authority	1,081.1	0.063
Environmental Protection Agency	595.3	0.035
Department of Housing & Urban Development	336.8	0.02
Small Business Administration	110.7	0.006
Civil Service Commission	88.7	0.005
Federal Communications Commission	49.1	0.003
Department of State	31.4	0.002
Interstate Commerce Commission	24.0	0.0014
Civil Aeronautics Board	1.6	0.00009
Office of Management & Budget	0.4	0.000023

FY 78 RANKING BY TOTAL ENERGY SAVED IN BTU'S
(FY 75 USE VS. FY 78 USE)

	Btu's 10 ⁹	Percentage Saved
Department of Defense	120,393.4	8.0
National Aeronautics & Space Administration	4,765.2	17.5
Postal Service	1,294.4	2.3
Department of Agriculture	705.7	5.9
General Services Administration	246.0	0.5
Panama Canal Company	188.6	7.0
Department of Housing & Urban Development	38.1	10.2
Civil Service Commission	9.4	9.6
Department of Interior	7.1	0.05
Department of State	1.8	5.4
Office of Management & Budget	0.5	55.6
Civil Aeronautics Board	(0.2)	(16.5)
Interstate Commerce Commission	(1.7)	(7.8)
Federal Communications Commission	(3.7)	(8.1)
Small Business Administration	(29.8)	(36.8)
Environmental Protection Agency	(35.3)	(6.3)
Department of Labor	(114.8)	(6.9)
Department of Energy	(167.0)	(0.2)
Department of Health, Education & Welfare	(179.6)	(1.9)
Department of the Treasury	(184.1)	(4.4)
Veterans Administration	(238.4)	(0.6)
Department of Commerce	(276.8)	(7.9)
Tennessee Valley Authority	(316.7)	(41.4)
Department of Justice	(477.7)	(7.2)
Department of Transportation	(1,596.8)	(6.0)

FY 78 RANKING BY PERCENTAGE OF
TOTAL AGENCY ENERGY SAVED
(FY 75 USE VS. FY 78 USE)

	<u>Percentage Saved</u>	<u>Btu's 10⁹ Saved</u>
1. Office of Management & Budget	55.6	0.5
2. National Aeronautics & Space Administration	16.6	4,765.2
3. Department of Housing & Urban Development	10.2	38.1
4. Civil Services Commission	9.6	9.4
5. Department of Defense	8.0	120,393.4
6. Panama Canal Company	7.0	188.6
7. Department of Agriculture	5.9	705.7
8. Department of State	5.4	1.8
9. Postal Service	2.3	1,294.4
10. General Services Administration	0.5	246.0
11. Department of Interior	0.05	7.1
12. Department of Energy	(0.2)	(167.0)
13. Veterans Administration	(0.6)	(238.4)
14. Department of Health, Education & Welfare	(1.9)	(179.6)
15. Department of the Treasury	(4.4)	(184.1)
16. Department of Transportation	(6.0)	(1,596.8)
17. Environmental Protection Agency	(6.3)	(35.3)
18. Department of Labor	(6.9)	(114.8)
19. Department of Justice	(7.2)	(477.7)
20. Interstate Commerce Commission	(7.8)	(1.7)
21. Department of Commerce	(7.9)	(276.8)
22. Federal Communications Commission	(8.1)	(3.7)
23. Civil Aeronautics Board	(16.5)	(0.2)
24. Small Business Administration	(36.8)	(29.8)
25. Tennessee Valley Authority	(41.4)	(316.7)

FY 78 RANKING BY ENERGY USED
IN BUILDING AND FACILITY OPERATIONS

	Btu's 10 ⁹	Percentage of Total Energy Used
Department of Defense	548,847.4	65.9
Department of Energy	84,591.7	10.2
General Services Administration	44,453.0	5.3
Postal Service	42,697.9	5.1
Veterans Administration	38,834.8	4.7
National Aeronautics & Space Administration	20,771.1	2.5
Department of Transportation	15,905.2	1.9
Department of Interior	9,087.5	1.09
Department of Health, Education & Welfare	8,782.0	1.05
Department of Agriculture	5,457.8	0.66
Department of Justice	5,208.2	0.63
Department of Commerce	2,443.8	0.29
Department of the Treasury	2,088.2	0.25
Department of Labor	1,395.0	0.17
Panama Canal Company	1,323.3	0.16
Tennessee Valley Authority	479.1	0.06
Environmental Protection Agency	473.7	0.057
Federal Communications Commission	30.0	0.0036

FY 78 RANKING BY ENERGY SAVED
IN BUILDINGS & FACILITIES OPERATIONS
(FY 75 USE VS. FY 78 USE)

	Btu's 10 ⁹	Percentage Saved
Department of Defense	30,228.9	5.2
National Aeronautics & Space Administration	4,775.8	17.7
Postal Service	1,571.0	3.5
Department of Agriculture	1,297.9	19.2
Department of Energy	378.9	0.4
General Services Administration	231.6	0.5
Department of Interior	92.0	1.0
Panama Canal Company	73.0	5.2
Department of Labor	9.4	0.7
Federal Communications Commission	(1.2)	(4.2)
Environmental Protection Agency	(46.8)	(11.0)
Department of Commerce	(58.1)	(2.4)
Department of Transportation	(124.1)	(0.8)
Department of the Treasury	(136.4)	(7.0)
Tennessee Valley Authority	(225.1)	(90.0)
Veterans Administration	(249.0)	(0.6)
Department of Health, Education & Welfare	(260.8)	(3.1)
Department of Justice	(374.2)	(7.7)

FY 78 RANKING BY PERCENTAGE OF ENERGY SAVED
IN BUILDINGS AND FACILITIES OPERATIONS

	Percentage Saved	Btu's 10 ⁹
1 Department of Agriculture	19.2	1,571.0
2 National Aeronautics & Space Administration	17.7	4,775.8
3 Department of Defense	5.2	30,228.9
4 Panama Canal Company	5.2	73.0
5 Postal Service	3.5	1,297.9
6 Department of Interior	1.0	92.0
7 Department of Labor	0.7	9.4
8 General Services Administration	0.5	231.6
9 Department of Energy	0.4	378.9
10 Veterans Administration	(0.6)	(249.0)
11 Department of Transportation	(0.8)	(124.1)
12 Department of Commerce	(2.4)	(58.1)
13 Department of Health, Education & Welfare	(3.1)	(260.8)
14 Federal Communications Commission	(4.2)	(1.2)
15 Department of the Treasury	(7.0)	(136.4)
16 Department of Justice	(7.7)	(374.2)
17 Environmental Protection Agency	(11.0)	(46.8)
18 Tennessee Valley Authority	(90.0)	(225.1)

FY 78 RANKING BY ENERGY USED
IN VEHICLE & EQUIPMENT OPERATIONS

	Btu's 10 ⁹	Percentage of Total Energy Used
Department of Defense	828,039.1	94.6
Department of Transportation	12,526.1	1.4
Postal Service	-11,517.6	1.3
Department of Agriculture	5,765.2	0.66
Department of Interior	3,339.8	0.38
Department of Energy	2,439.6	0.28
Department of the Treasury	2,234.1	0.26
Department of Justice	1,959.1	0.22
National Aeronautics & Space Administration	1,708.5	0.2
Department of Commerce	1,348.7	0.15
Panama Canal Company	1,192.9	0.14
Department of Health, Education & Welfare	657.2	0.075
Veterans Administration	610.2	0.07
Tennessee Valley Authority	602.0	0.069
Department of Labor	376.1	0.043
Department of Housing & Urban Development	336.8	0.038
General Services Administration	-169.8	0.019
Environmental Protection Agency	121.6	0.0139
Small Business Administration	110.7	0.0126
Civil Service Commission	88.7	0.0101
Department of State	31.4	0.0036
Interstate Commerce Commission	24.0	0.0027
Federal Communications Commission	19.1	0.0022
Civil Aeronautics Board	1.6	0.0002
Office of Management & Budget	0.4	0.00005

FY 78 RANKING BY ENERGY SAVED
IN VEHICLE AND EQUIPMENT OPERATIONS
(FY 75 USE VS. FY 78 USE)

	<u>Btu's 10⁹</u>	<u>Percentage Saved</u>
Department of Defense	90,164.5	9.8
Panama Canal Company	115.6	8.8
Department of Health, Education & Welfare	81.2	11.0
Department of Housing & Urban Development	38.1	10.2
General Services Administration	14.4	7.8
Environmental Protection Agency	11.5	8.6
Veterans Administration	10.6	1.7
Civil Service Commission	9.4	9.6
Department of State	1.8	5.4
Office of Management & Budget	0.5	55.6
Civil Aeronautics Board	(0.2)	(16.5)
Interstate Commerce Commission	(1.7)	(7.8)
Federal Communications Commission	(2.5)	(15.1)
National Aeronautics & Space Administration	(10.6)	(0.6)
Small Business Administration	(29.8)	(36.8)
Department of the Treasury	(47.7)	(2.2)
Department of Interior	(84.9)	(2.6)
Tennessee Valley Authority	(91.6)	(17.9)
Department of Justice	(103.5)	(5.6)
Department of Labor	(124.2)	(49.3)
Department of Commerce	(218.7)	(19.4)
Postal Service	(276.6)	(2.5)
Department of Energy	(545.9)	(28.8)
Department of Agriculture	(592.2)	(11.4)
Department of Transportation	(1,472.7)	(13.3)

FY 78 RANKING BY PERCENTAGE OF ENERGY
 SAVED IN VEHICLE AND EQUIPMENT OPERATIONS
 (FY 75 USE VS. FY 78 USE)

	Percentage Saved	Btu's 10 ⁹
/ Office of Management & Budget	55.6	0.5
2 Department of Health, Education & Welfare	11.0	81.2
3 Department of Housing & Urban Development	10.2	38.1
4 Department of Defense	9.8	90,164.5
5 Civil Services Commission	9.6	9.4
6 Panama Canal Company	8.8	115.8
7 Environmental Protection Agency	8.6	11.5
8 General Services Administration	7.8	14.4
9 Department of State	5.4	1.8
10 Veterans Administration	1.7	10.6
11 National Aeronautics & Space Administration	(0.6)	(10.6)
12 Department of the Treasury	(2.2)	(47.7)
13 Postal Service	(2.5)	(276.6)
14 Department of Interior	(2.6)	(84.9)
15 Department of Justice	(5.6)	(103.5)
16 Interstate Commerce Commission	(7.8)	(1.7)
17 Department of Agriculture	(11.4)	(592.2)
18 Department of Transportation	(13.3)	(1,472.7)
19 Federal Communications Commission	(15.1)	(2.5)
20 Civil Aeronautics Board	(16.5)	(0.2)
21 Tennessee Valley Authority	(17.9)	(91.6)
22 Department of Commerce	(19.4)	(218.7)
23 Department of Energy	(28.8)	(545.9)
24 Small Business Administration	(36.8)	(29.8)
25 Department of Labor	(49.3)	(124.2)

Mr. MOFFETT. If you would turn to page 3 of this exhibit, it ranks Federal agencies in terms of the percentage of energy saved since 1975. That page shows, for example, that the Office of Management and Budget, which has been discussed here today, is the leader, having reduced its energy use 55.6 percent.

What does that document show the Department of Energy's ranking to be?

Mr. MYERS. It says here that the Department of Energy is 12th in percent of Btu's saved.

Mr. MOFFETT. Yes, No. 12.

Mr. MYERS. Yes, that is terrible.

Mr. MOFFETT. We agree. It is terrible.

So, while the DOE is No. 2 in the energy usage it is number 12 in conservation.

How about page 6? Would you turn to page 6?

Page 6 ranks the agencies in terms of energy saved in buildings. What is the Department of Energy's ranking in this category?

Mr. MYERS. It is ninth. That is the number I remember.

Mr. MOFFETT. Ninth in terms of conservation in buildings.

Mr. MYERS. In 1978.

I want to make a very strong point here, Mr. Chairman.

In 1978 we had a very poor program.

We have done an aggressive job since then in driving for good audits and good work by our people. I meet with our laboratory directors once a month on this program. We are working on it. We will put ourselves in a leadership position in the Government.

Mr. MOFFETT. We hope you are right. But let us continue to follow the record.

What about page 9 of the same exhibit, which ranks the agencies in terms of energy saved in vehicles? I am primarily talking about gasoline. This is something that Mr. Fithian is obviously very concerned about.

Page 9 seems to suggest that the DOE thinks its fine for others to save gasoline, but not the Department of Energy.

What is the ranking there of the Department of Energy in terms of energy transportation savings?

Mr. MYERS. It is 23d.

Mr. MOFFETT. It is 23d out of 25; right?

Mr. MYERS. Right.

Let me make a point. Although I love the Office of Management and Budget, the amount of energy that they use is very small. We have 104 facilities.

Mr. MOFFETT. Let us say you were 22d. This could be a little off, or even 20th.

Mr. MYERS. Mr. Chairman, Secretary of Energy Schlesinger, about 2 months ago, put out a letter to our people to call for a savings of about 10 percent in the energy in the coming year. That has become a pattern that we will establish for the rest of the Government.

Mr. MOFFETT. We are not trying to embarrass you. You know that.

What we are saying here is this. We have a horrible credibility problem with regard to the American public's view of the whole energy picture.

I do not think the Congress, for example, should be exempt. I think in terms of our own parking here, and so forth. I am a supporter of some dramatic changes. I do not think we ought to get off the hook either.

However, you are the conservation czar and the energy director and the energy conservation director. I think these are horrifying statistics.

Mr. MYERS. I agree with you.

Mr. MOFFETT. Let me proceed to a second area which I think is important.

Congressman Kostmayer raised the question of the memo from your then-Deputy John Young.

I would like to pursue that area in terms of the relationship of you to your staff.

Any administrator, even Members of Congress, but any administrator obviously sends a fairly significant number of memos to staff people on a variety of matters. That is generally accepted; is it not?

Mr. MYERS. Yes.

Mr. MOFFETT. Those memorandums generally include instructions to the staff reflecting policy decisions and so forth. I am sure you will agree to that.

Mr. MYERS. Yes.

Mr. MOFFETT. Our subcommittee staff, in preparation for these 2 days of hearings reviewed a thousand or so Department of Energy internal documents on the FEMP—the Federal energy management program.

The staff tells us that they did not find a single memorandum from you to your people setting forth the goals and objectives of FEMP.

If this is true—and we want your response to this—then it seems like a disturbing failure on your part to address your primary responsibility within the Department. It may explain why the FEMP program has been allowed to drift rather aimlessly and why it has not fulfilled its statutory duties, or at least it may give us part of the answer.

Is that unfair? Would you comment?

Mr. MYERS. I cannot remember any specific guidelines or directives that I have given in this area, but I have had a very large direct involvement in the program with Omi Walden, Maxine Savitz, and the people in the Federal energy management program, and a whole series of reviews that started from the position we were at when I came to the Department where the other departments of the Government were not cooperating with us.

Our whole thrust of this operation has been to develop an active cooperative program with the other portions of the Government. I believe the continued meetings we have had have led in that direction.

I think you would find, if you would ask the Department of Defense, NASA, or the other agencies, that we really do have a good solid cooperative program.

Mr. MOFFETT. I have no real reason to believe that you are not a good administrator. I certainly have no reason to believe that you are not sincere in wanting this to work.

But I would assume this. I would assume you were disturbed and have been disturbed by the failure to meet the statutory deadlines and the deadlines set in the President's Executive order.

Mr. MYERS. Yes, sir.

Mr. MOFFETT. How is that fact communicated to your people? Was a sense of urgency conveyed through the ranks?

Mr. MYERS. As I said earlier, I think we made one mistake and that was—I cannot say one. I would say one major mistake in this area. That was the delay until after the NEA for the incorporation of the actions coming out of the NEA for putting in the guidelines.

As I look back, we could have gotten guidelines on the street sooner. We could have modified them after the NEA, but we choose to work directly with the agencies in developing their plans without guidelines.

Our guidelines are now much stronger and much more disciplined and will affect the departments strongly.

Mr. MOFFETT. That is encouraging.

But there is really something left here. It is left undone. I am talking about your attitude about how aggressive you should be, which Mr. Fithian and Mr. Kostmayer have raised.

You talk about the fact that it should be a team effort with the agency sitting down with DOE. I do not get the sense that you are really disturbed and that you are willing to be aggressive.

The intent of the legislation is this. I think even the Executive order's intent is quite clear. When you really look at it and when you look at the legislative history, this Congress, with Republicans, Democrats, Conservatives, Liberals, and people who supported those pieces of legislation, and I think this President with his Executive order, wants some aggressive behavior and he expects it.

Yet, the picture that is painted for us over the last 2 days, frankly, does not show a sense of urgency.

Agencies, as you know, have complained and have griped about the program and have wanted, as Mr. Kostmayer, I think, pointed out, a simple hands-off policy.

I believe the FEMP people who testified yesterday are hard-working, sincere civil servants. I also believe, although they would not come out and say it and we did not press them on it because they are not policymakers because they are implementers, but I also believe they are not getting the support from the top, including you, when the other agencies moan and groan about this conservation program.

That is what we need to know. If there is going to be a change in attitude, then we are not asking you to club people into submission.

However, if we leave it at this and you walk out and say there was a hearing and they did not think we were doing a good enough job and perhaps it was healthy for us and we are speeding up and we are submitting guidelines, but if the basic attitude which is one in the view of several of us—I cannot speak for the entire panel—but it is one of more or less acquiescence is not changed, then I wonder.

You asked for \$400,000 for example, for the whole effort in the current budget.

Mr. MYERS. That is for our program direction.

Mr. MOFFETT. I understand.

But these responsibilities that these people have to carry out are great. I have eight listed here that I read out yesterday to prepare 10-year plans for buildings and facilities; develop and issue guidelines for energy conservation plans; develop and issue guidelines for life cycle costing; develop and issue mandatory lighting and thermal efficiency standards; prepare and issue several reports to the Congress and President—which Mr. Vitullo has to do, or is responsible for, as I recall; review agency conservation plans; consult annually with OMB concerning agency energy conservation budgets; and develop guidelines for building audits.

These are eight things. There are four people at a reasonably low level in the bureaucracy charged with carrying out those things with a budget of \$400,000.

Whenever they try to do anything, even moderately bold, the higher ups at the other agencies crack the whip and say they will not do it. Then what happens? Does Under Secretary Myers or Dr. Schlesinger, Mr. O'Leary, or anyone say:

Wait just a moment. Here is the legislative history from the Congress and here is an Executive order from the President. This is the number one priority in this Administration and this Government. We are just sorry. We want to work with you folks, but you will have to shape up.

Mr. MYERS. You almost quoted me. We reviewed our legislative requirements over the period through the Christmas and January time period and actually beefed up the requirements on the guidelines strongly.

Then we called a meeting with the other departments and told them what we are expecting from them in the energy program.

However, we had worked with them for a year in a cooperative attitude. They could walk away from us. They did not. There is nothing in the law that absolutely requires them to respond.

Mr. MOFFETT. Do we need to change the law?

Mr. MYERS. We can have the President lean on them if they do not do the work we have developed with them to accomplish. That is the direction this thing is going.

We are having good programs developing with other agencies, as I testified earlier today.

Mr. MOFFETT. Should Mr. Fithian and I go sit down with Sid Yates this afternoon and say: "Look, when you consider the appropriation, we have found a very serious problem here. These agencies each have their own conservation pot in their own budgets and the DOE does not seem to have the power to say anything to them about what they can do with those budgets. We think a change is necessary to give DOE more direction over conservation budgets in those areas."

Mr. MYERS. I have worked on program management for many, many years in my responsibilities, and I would think that would be the worst thing we could do as far as developing a really effective program.

Mr. MOFFETT. Why?

Mr. MYERS. Because we have done a good job in getting the agencies to work with us. They are fully aware of the President's interest in these areas. They are now getting the attention of their own people throughout all layers of the organizations to conserve energy. They are being responsive.

If you put this on a level where we have some kind of mandatory action, then I wonder. Let me give you an example.

I am working right now to get a 5-percent reduction in the Department of Energy in this coming year. This is a 10-percent reduction in the use of gasoline.

I have had one review with all of our operations offices and laboratories which covers about 104 different facilities in the country.

We have not yet projected that we can meet this. We are going to have to go into operations to do it. I have gone back to the laboratories and to our operations offices saying:

Go back and look at your physics programs and go back and look at your uranium enrichment programs and tell me what you can do that will have a minor effect on operations, but will still save this amount of energy.

We will do it. We will meet those requirements. But it will be cutting into operations to do it.

I am back to the problem that I had with the czar situation. We will then have to get into programmatic activities of the other agencies and call the shots. I think that is wrong. I do not think that is the right way to save energy.

Mr. MOFFETT. I want to have the staff ask questions and I want to give Mr. Fithian another opportunity. But let me say this.

Is it not czarlike to be downstairs right now in your Department asking for mandatory—which I have supported in a losing cause—conservation measures, like rationing and so forth? What is the difference?

Mr. MYERS. We will put those mandatory measures into the other departments. They will be supported by a President and they will occur. We will be the ones to manage it, follow it, and report back. They have done it.

Mr. MOFFETT. You are asking the American people, though, to stand by for some mandatory measures, like weekend closings, and so forth. You are willing to play hardball with the American people, but then we have the agencies with an identifiable chunk of fat.

Despite your testimony, the other testimony seems to indicate they are not really meeting the potential. We are saying that we are going to continue to work together as a happy family rather than have a little change in outlook here and have some stronger leadership.

It is just a difference of opinion, I suppose, between the two of us and probably some other members of the subcommittee, but I think it is an important difference.

I would urge you to adopt a more aggressive stance.

Does the gentleman from Indiana have additional questions?

Mr. FITHIAN. I know we are running into a time problem, Mr. Chairman, but let me say this.

It is very hard for legislators to write into the law that "thou shall be aggressive in new programs." But we have done just about everything else. We have put money in there. We have set certain dates for reports to be done. We have done just about everything we can do short of saying that you will achieve a certain percentage of conservation throughout the Federal Government. We will

give you all the budget. We will not give anybody else a budget unless they comply and so on.

I would hope that you would not leave here today without realizing the frustration that many of us are feeling. You can go as far as you can possibly go without dotting every "i" and crossing every "t" and telling you exactly how we want it done.

But the fact of the matter is that we do not seem to get very far in the whole matter.

That is my own editorial opinion for the morning.

Let me ask you about one other area. We have talked this morning about energy savings within the Government. We have talked about the failure of leadership in this Government to achieve that.

We have not talked about—and perhaps it is outside the purview of this particular set of hearings, Mr. Chairman—but we have not talked about what you are doing to try to reduce that other sector, that whole private sector in terms of energy consumption.

I have a district in the middle of the country in Indiana where most of the people doubt that there is an energy crisis.

The President makes a speech occasionally on the subject. It is two in the last 1½ years, I suppose.

I should tell you that before I came to Congress I was a professional educator. Mass education is an extremely difficult thing. It is very, very difficult.

Do you have any ideas, or can you visualize any plan of action whereby the Department of Energy might take a lead in doing some kind of a mass education program for the American people?

I do not care whether it is on driving techniques or just solid information on energy and energy shortage. If we had the tremendous creditability gap which says that 74 percent of the American people do not believe there is an energy program, then I wonder.

Then it seems to me like we ought to give a lot of thought to how we go about convincing the American people that there is a shortage and that we all ought to be really working at this business of conserving energy.

I wonder if you have any plans down the line whereby you might be undertaking such a thing?

Mr. MYERS. We have a whole series of communication plans. One that just occurred to me is one that we have in driver's education. We are using our Nevada test facility. They drive long distances. This is a simple job of having a man drive like he has a raw egg under his foot where he is gentle on the gas pedal to conserve energy as far as driving is concerned. It is a very effective program.

Mr. FITHIAN. I understand that is a demonstration program.

Mr. MYERS. We have various programs of this nature being developed. We ran a test program in Denver on spot announcements on television where we are now measuring the effects of them.

We have a whole dissemination of data center down at Oak Ridge, Tenn., that has the same problems that NASA has already had with technology utilization transfer and the problem of getting information out to the public as to what is coming out of the space program.

We have the same problem.

We have not been asleep on this. We have been working hard at techniques to get that kind of information out.

We are finding that there are organizations outside of the Department of Energy which are able to support public television education programs and things of that nature.

Mr. FITHIAN. If you really develop something solid and helpful to the whole problem that you can convey to the American people, then you might even encourage the national television networks to do something constructive in carrying the program.

Mr. MYERS. We are working in that area. I think we probably are able to do it better through the private sector with the television organizations than we are able to do otherwise.

We have done some things where we have actually put together small television announcements and programs which are put on the news programs. This is without any accreditation. There are news flash things and are very brief. They are talking about, for example, solar applications.

I am bouncing around in a lot of different areas in this answer, but we do not have any major advertising program or anything of that nature. We do have more through the public television and through our own publications that are made available through all of our regional representatives and all of our regional solar conservation activities.

We try in that manner to spread the word of the importance of the energy crisis and what can be done about it.

Mr. FITHIAN. Thank you.

Thank you, Mr. Chairman.

Mr. MOFFETT. The Chair now recognizes Mr. Galloway of the staff.

Mr. GALLOWAY. Thank you, Mr. Chairman.

It is our understanding, Mr. Myers, that you attended a number of briefings in the past year held by the FEMP staff in an effort to get the FEMP program moving and specifically to define DOE's role, vis-a-vis the Federal agencies.

I would ask the clerk if she would provide the witness with a copy of the briefing materials of the June 16, 1978, meeting that was held by your staff.

Mr. Chairman, I would like to ask that a copy of this material be placed in the record at this point.

Mr. MOFFETT. Without objection, so ordered.

[The material follows:]

Purpose Of Briefing

- Information on Executive Order 12003 Guidelines
 - What's in them
 - How agencies are affected
- The DOE Role
 - The minimum role
 - Additional possibilities
- Questions and Answers
 1. Are guidelines narrow and legalistic?
 2. Is too much data asked for in guidelines?
 3. What will you do with the data submitted by the agencies?
 4. Could we operate FEMP per NASA letter?
 5. Does anyone have a clear notion of DOE role?
 6. What should we do?

Presentation Will Cover...

Brief Review of FEMP
Goals of Executive Order 12003
Who Does What Under Executive Order 12003
NASA May 3, 1978 Letter
What's in Guidelines
Guideline Data Requirements
Preliminary Energy Audit Report Form
What is Not in the Guidelines
The DOE Role
DOE/FEMP Resources
Minimum DOE Role
OMB Relationships
Discussion Situations
Issues and Answers

What This Briefing Does Not Cover

- Defining the program within DOE
- Unresolved OMB Questions
- Things cooking in FEMP other than Guidelines
 - Dr. Schlesinger letter to agencies
 - A FEMP report card
 - A minor quarrel with GAO
 - The GOCO/Procurement area
 - The 8 Assistant Secretaries for energy conservation in DOE Act
 - Planning for 66 agency meeting after Guidelines are out
 - Report to President, August 15, 1978
- "When will Guidelines be out"

First, A Review...

- FEMP = Federal Energy Management Program
- Legal origins
 - EPCA
 - Executive Order 11912
 - Executive Order 12003
 - NEA
- "FEMP" Can mean 3 levels of detail
 - Whole Federal Government (DOE, GSA, OMB, + Agencies)
 - DOE's part of that action
 - 658 Committee
 - Solar Federal buildings
 - Coal conversion
 - Procurement plan
 - GOCO plants
 - DOE operations plan
 - DOE buildings plan
 - "Showcase" demonstrations
 - CS' part of that action (BFP)
 - Guidelines
 - Accumulation of Federal statistics

Goals of Executive Order 12003

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Energy Reductions — 1975 to 1985

- Buildings (BTU/GSF)

- Existing 20%

- New 45%

- Vehicle Fleet (GSA)

- 1978 + 2 MPG

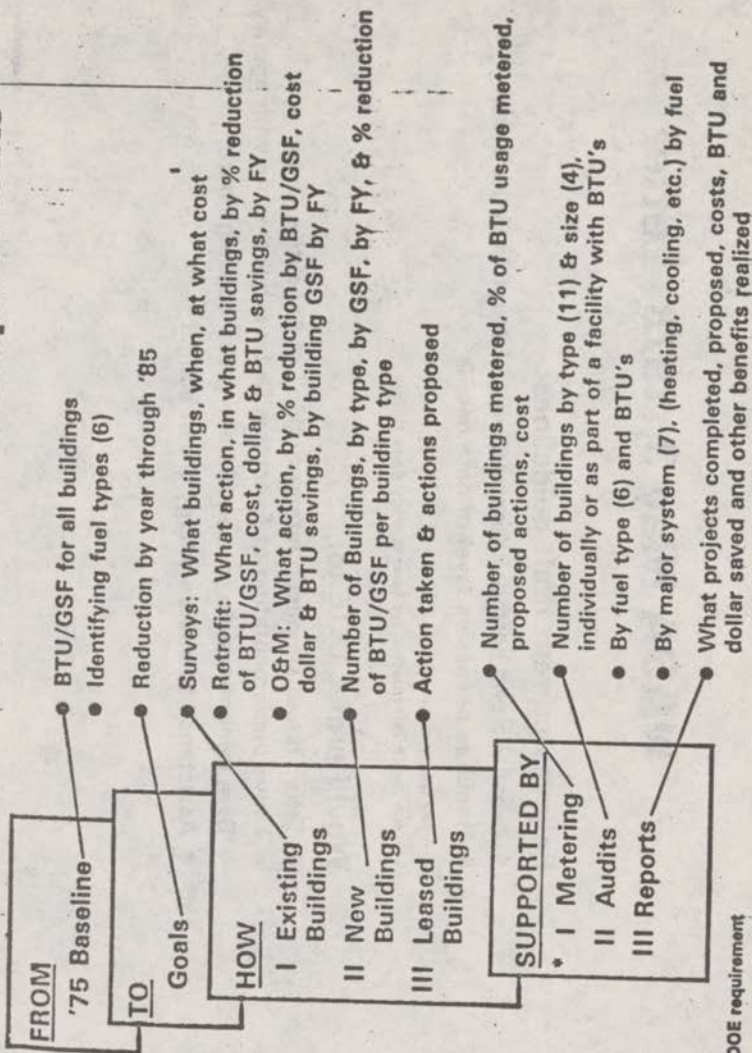
- 1979 + 3 MPG

- 1980 + 4 MPG

- Operations

- Agencies establish own goals

FROM '75 BASELINE TO GOALS HOW SUPPORTED BY



NASA May 3, 1978 Letter

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Believes current draft guidelines:

- Legalistic and narrow interpretation of Executive Order intent
- Requires excessive level of data details
 - too many numbers
 - too much information on how agency does things

Would prefer DOE to:

- Take "broad simplistic interpretation" of Executive Order
- Leave implementation of Executive Order requirements with agency
- Bare minimum data (current data + gross buildings data)
- Assistance to ensure energy \$'s in budget.

What's In Guidelines

I. PREAMBLE (42 pages) – Permissive

- Explanation of decisions
- Background information
- Advisory guidance on:
 - General operations plan
 - Leased buildings

II. RULES (26 pages) – Mandatory

- Definitions
- Preliminary energy audits
- Preparation of 10-year building plan
 - Individual agency goals of 20 and 45%
 - Specific programs in new, old and leased buildings
 - Defines 1975 baseline
 - Life cycle costing
- Content of annual agency report

III. APPENDIX (17 pages) – Both

- BTU conversion tables
- Energy cost escalation rates
- Discount factors
- Building categories
- Energy Audit *Results* Form
- Energy Audit Worksheets

Who Does What Under Executive Order 12003

- **DOE**
 - Publish guidelines
 - Annual Report to President (August 1978)
 - Evaluate Agency plans
 - Develop Federal 10-year plan
 - Review Agency budgets
 - Prepare DOE's own plan
- **All Federal Executive Agencies (66)**
 - Annual Reports
 - Prepare budgets
 - Develop overall operations plans
- **Federal Agencies That Maintain Buildings (25)**
 - 10-year buildings plans (based on guidelines)
 - Building audit reports

What Is Not In The Guidelines

- The basis on which DOE will turn down an agency plan
- The role of DOE vis-a-vis other agencies
- Formats for submission of plans and reports
- Format and detail of agency conservation budgets
- Policy for leased buildings.
- Procedure for appeal process to OMB by agencies
- Policy for agency request of waivers
- Policy for DOE review of waiver requests
- Procedure for DOE update and/or changing of guidelines
- Procedure for agency review and update of their energy management plans
- Federal metering policy for existing buildings
- Guidance for other than Federal buildings, i.e., transportation, procurement, fuels use, operations
- A means to reconcile the requirements of the EPCA 10-year Federal Plan (e.g., mandatory standards) and the agency developed individual plans

II. The DOE Role

What resources do we have?

What about OMB?

What is the minimum we must do to keep out of jail?

What additional things might we do?

Six Basic Questions (and our Answers!)

DOE/FEMP Resources

- I. CS FEMP Office
 - A. FY 79 Staff: 10
 - B. FY 79 Contract Budget: 500K
- II. Other CS Participation
 - A. Solar applications - Solar
 - B. Building standards - BCS
 - C. Lighting and appliance efficiencies - BCS
- III. Other DOE Participation
 - A. Coal Conversion - ERA
 - B. Policy development - P&E
 - C. Information transfer - IR
 - D. Data collection and analysis - EIA
 - E. DOE buildings energy plan - ADM

OMB Relationships

- Per the Executive Order, OMB
 - Referees DOE/Agency differences
 - Concurs in the guidelines
 - Concurs in life cycle costing methodology
 - Consults with DOE re agency budgets
- Not a favorite OMB program
 - Potentially expensive (\$2.6B)
 - Doesn't fit neatly into Examiner role
 - Doesn't want DOE managing agencies
 - Doesn't want DOE collaborating with agencies to gang up on OMB for \$
- Sample unresolved questions with OMB
 - Will agency retrofit \$ be labelled 12003?
 - Will all projects be routed through DOE for approval?
 - Or will each Examiner ask our opinion?
 - How much detail are we talking about?
 - Is energy money "protected," once approved?

Minimum DOE Role

- Issue guidelines (NEA, EPCA & 12003)
- Receive and aggregate (not analyze) the 66 agency plans (12003)
- Prepare one-shot Federal 10-year Buildings Plan (EPCA & 12003)
- Prepare annual August 15 Report to President (12003) (based on July 1 reports from agencies)
- Prepare annual (no date) Report to Congress (EPCA)

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

- This is our present course.
- We've the resources to do it.

Discussion Situations

- I. PLAN DISAPPROVAL – GPO's plan does not get a 20% reduction by 1985 because it's too costly.
- II. DATA – What is the relative energy conservation efficiency of VA hospitals versus HEW hospitals?
- III. PROGRAM VERIFICATION – DOT says operations energy target not reached because P.L. xyz was enacted.
- IV. ENERGY AUDITS – GSA's office buildings use 2 times the energy consumption of HUD.
- V. AGENCY ENERGY INVESTMENTS – TVA want 1.3M from OMB to reroute train tracks in Buford, Tennessee to convert a power plant to coal.
- VI. INFORMATION TRANSFER – Byrd Committee May 17 Question #117: Why doesn't your budget provide for training of Federal personnel?

Issues And Answers

- Question 1.
Answer: Are guidelines narrow and legalistic?
Yes. The nature of rulemaking is that lawyers write the prose.
- Question 2.
Answer: Is too much data asked for in guidelines?
Perhaps, but it's required by or derived from Executive Order.
- Question 3.
Answer: What will you do with the data submitted by the agencies?
As a minimum, aggregate it into a 10-year plan and use it to write the annual presidential report.
- Question 4.
Answer: Could we operate FEMP per NASA letter?
No. We must collect data as Executive Order and NEA now written. DOE's latitude comes in deciding what to do with the data.
- Question 5.
Answer: Does anyone have a clear notion of DOE role?
It's never been decided, written down, or discussed with OMB.
- Question 6.
Answer: What should we do?
Three things:
1. When NEA passes, get out guidelines in proposed—not advanced—form.
2. Send DOE emissary to OMB to smoke out their attitude on the hard questions.
3. Decide DOE role and write it down in an IMD or float up a Decision Memorandum or negotiate a memorandum of understanding with OMB.

Mr. GALLOWAY. This briefing memo, Mr. Myers, was prepared for you and appears to be designed to elicit your views on whether DOE should continue to "play the minimum role relative to FEMP."

On page 12 of this document it refers to "the minimum we must do to stay out of jail," as opposed to a more active role which of course, was contrary to the desires of the other Federal agencies.

Mr. Myers, did you, shortly after this meeting, inform your staff as to what role DOE should play in Government energy conservation in an effort to resolve this long-simmering problem?

Mr. MYERS. It was in this time period that we did decide and guide our people in the development of the more cooperative program rather than the prescriptive program that we had been working on previously.

Mr. GALLOWAY. Is it your testimony that shortly after the June meeting that you set a policy for FEMP and communicated that fact to your staff?

Mr. MYERS. Yes; it was in that time period.

Mr. GALLOWAY. Let me ask the clerk, if she would, to provide the witness with briefing materials for yet another briefing session.

This was another briefing memo session on September 6, with Assistant Secretary Omi Walden. This takes us to September 1978.

Mr. Chairman, I would like to ask that this be placed in the record at this point.

Mr. MOFFETT. Without objection, so ordered.

[The material follows:]

Briefing for Omi Walden
 Tuesday, September 5, 1978 - 2 p.m.
 Room 2228

Subject: FEMP Issue

Attendance:

Ms. Walden
 Dr. Savitz
 Mr. Lane
 Mr. Brumby
 Mr. Strauss (GC)
 Mr. Friedrichs (PE)

Handouts:

- Briefing
- OMB letter to Beattie 7/21
- Executive Order 12003
- CS Staff Executive order revision
- OMB's Executive order revision
- What the program wants to do

PURPOSE OF THE BRIEFING

- o Expose an issue
- o Provide some background
- o Present conflicting viewpoints
- o Elicit your guidance

WHAT IS THE ISSUE

- o What role should DOE have in the Federal Energy Management Program?
 - Congress, GAO, Executive Order 12003 favors active role:
DOE should provide visible program involvement (tell agencies what you want, how you want it, and check up on them).
 - OMB, Mr. Young, some agencies favor reporters function:
DOE should have minimal involvement ("lightest touch man can devise"). President sets goals. Agencies interpret. DOE prepares annual report.

NATURE OF AUTHORITIES

- o EPCA 381 requires
 - A 10-year plan including mandatory standards
 - Annual Report to Congress
- o Executive Order 12003 requires
 - A 10-year plan (both Government-wide and agency)
 - Guidelines (requirements and procedures)
 - Energy audits (data)
 - Evaluate and approve agency 10-year plans
 - Review agency budgets
 - Annual Report to President
 - Develop mandatory life cycle cost method.
- o NEA requires
 - Energy audits (data)
 - Retrofit of buildings by 1990
 - Separate budgets for retrofit
 - Annual Report to Congress
 - Develop mandatory life cycle cost method

EACH REQUIRES VARYING DEGREES OF PRESCRIPTIVENESS AND CENTRALIZATION OF AUTHORITIES WITHIN DOE.

BUT THEY ARE CONFUSING AUTHORITIES

For Example:

EPCA (1975)

E.O. (1977)

NEA (?)

Reduction:

Owned & leased buildings

Owned buildings

Owned and leased buildings

Through:

Mandatory standards

Goal achievement
(20/45 percent)

Retrofit of all buildings
by 1990 (1 percent over 1,000 gsf
1st year, etc.) and meeting Btu/gsf
goals by building type

- Thermal
- Lighting
- Hours of operation
- Levels of insulation
- Thermostat settings

Supported by:

Supported by:

Audits...down to
5,000 gsf...

Audits...down to 1,000 gsf...by
climate zones

ALL, HOWEVER, REQUIRE DOE AND FEDERAL AGENCIES TO TAKE ACTION.
THE PROBLEM IS TO BALANCE THE POLICY VERSUS DETAILED PRESCRIPTION.

WHO ARE THE PLAYERS - WHAT ARE THEIR INTERESTS?

Congress

EPCA and NEA comprehensive and prescriptive. Wants to demonstrate that conservation actions are successfully being taken. Wants a strong effort by Feds to set example.

GAO

Wants to know who is responsible for what to insure compliance with statute. Six audit reports to date. Criticizes DOE for not implementing letter of the law and not providing leadership.

OMB

Keep \$ impact low. Program "decentralized" to agencies. No one agency (DOE) with a lot of authority; minimize internal OMB reviews.

Agencies

Want to meet President's objectives. Want DOE's help to get \$'s not to tell them what to do (rules); concerned we are going to overload them with data requirements.

DOE

No formal position on how FEMP should be run or how existing and proposed authorities should be implemented.

CHRONOLOGY OF EVENTS

"HOW DID WE GET TO WHERE WE ARE"

- o Draft guidelines prepared pursuant to Executive Order 12003 and circulated to agencies 8/29/77
 - Decisions by DS, US and A/S,CS to hold guidelines for NEA (12/16/77)
 - Draft rewritten to include NEA
 - Now on hold pending NEA passage (2/9/78 and 5/26/78)
- o NASA letter of 5/3/78 on draft guidelines
 - Legalistic and narrow
 - Too much detail and data
- o Myers briefing of 6/16/78; result:
 - Get Young involved
- o Young briefing of 7/7/78; result:
 - Rewrite Executive Order 12003 to permit simpler/shorter guidelines
 - Take rewrite to OMB
 - After resolution, rewrite guidelines to make simple
 - Exclude NEA
- o Meeting with OMB and Young 7/14/78; OMB response of 7/21/78
 - Rewrite Executive Order 12003 to:
 - o Eliminate Executive order prescriptiveness
 - o DOE the reporter
 - o Agencies carry out program in own way
- o Meeting with OMB staff 8/9/78 to clarify response of 7/21/78
 - No DOE guidelines
 - No agency plans required
 - Agencies report annually how they choose
- o Young calls for status on 8/17/78

CS STAFF VIEWPOINT OF EXECUTIVE ORDER REWRITE

- o Active/supportive role for DOE
 - Development of Government-wide 10-year plan with formal agency input
 - Preparation of annual report to accurately report progress to the President
- o Direction from President to agencies
 - Coordinate thru DOE
 - DOE to develop and implement "Guideline"
 - Agencies must develop 10-year plans
 - '75 baselines must be established
- o DOE Management (with consultation with agencies)
 - Develop guidelines
 - Develop uniform definitions to support programs
 - Evaluate agency 10-year plans
 - Establish data requirements
 - Coordinate energy audits
- o "Manage" by goals, not detailed prescription
- o "Peer pressure" and participative management are the principal agency motivators

OMB STAFF VIEWPOINT OF EXECUTIVE ORDER REWRITE

- o Limited DOE role
 - Development of Government-wide 10-year plan without formal agency input
 - Preparation of annual report to President based on what agencies choose to report
- o Direction from President to agencies
 - Not "thru" DOE
 - DOE role is to "suggest"; is permissive
 - No Federal Register rulemaking
 - No requirement for agency plans
- o Agencies establish own rules
 - Content of plans, if any
 - Definitions
 - '75 baseline
- o No DOE "management" of agencies
 - No guidelines
 - No uniform definitions
 - No evaluation or approval of agency plans
 - No data requirements
 - No submission of agency plans to DOE
 - No energy audits

2. AGREE WITH CS STAFF VIEWPOINT

Pros

- Would be possible to develop Government-wide 10-year plan.
 - o Based on agency 10-year plans to take advantage of successes
 - o Outline present accomplishments
 - o Project future measures
 - o Anticipate potential legislative impact
- Would be possible to prepare annually a report to the President which would accurately inform him of efforts to achieve his goals.
 - o Uniform representation of agency accomplishments
 - o Highlight successful programs
 - o Flag potential problems
- Would provide effective tracking of progress toward 1985 goals.
 - o Plan milestones for interim years
 - o Develop '75 baseline consistent with agency requirements
 - o Determine if President's goals are being achieved
- Would show the Administration is committed to its own energy conservation program.

Cons

- Agency paperwork would increase.
- Responsibility would be more centralized in DOE.
 - o Guidelines, monitoring, reporting
- Confrontation with OMB and Mr. Young would continue.

3. RECAUCUS WITH OMB

Pros

- OMB indicated willingness.
- Indicates our willingness to cooperate and negotiate.
- Might lessen demands for top level involvement and time, depending on who recaucuses

Cons

- Discussions to date have simply clarified positions; did not resolve basic issue.
- Prolongs agony.
- Time passing with inability to determine if President's goals will be achieved.

4. DELAY DECISION UNTIL NEA PASSAGE

Pros

- Gives you more time to decide what FEMP should be.
- Executive order rewrite and guidelines, if any, could include provisions of NEA.
- PE appears to prefer this option.

Cons

- NEA passage may not occur for some time.
- Leaves DOE open to further criticism for delays.
- Larger agencies continue to move out in different directions.
- Small agencies requesting guidance from DOE not moving out.
- Without 10-year plan and cooperation from large agencies--unable to determine if goals will be met.

SUMMARY

- o The issue has been presented!
- o OMB and Mr. Young are impatient to resolve the issue.
- o Regardless of NEA fate, the basic issue must be decided by you!!

Mr. GALLOWAY. This document, on page 3, for example, points out how DOE had yet to set an overall policy for FEMP.

On page 10 it presents various still unresolved policy options. On page 6 of this document it says this. The FEMP staff is saying: "DOE has no formal position on how FEMP should be run or how existing and proposed authority should be implemented."

That is in September 1978. That is some 5 years after the FEMP program was established. The staff is saying that they still do not have a formal position on how the program should be run.

So, my question is this. How could this program have been permitted to run for well over 5 years in the absence of any overall policy direction?

Mr. MYERS. It is a tough question to answer. We did have a year of activity where we were working to develop our guidelines and to develop the approach to the guidelines and to develop our relationships with the other agencies.

As I said, I was heavily involved with the development of that activity with our people. I did take time to do it.

Mr. GALLOWAY. Is this statement right in this briefing material that there was no formal position on how FEMP should be run?

Mr. MYERS. I would not accept that as a specific. I think we had our guidelines, that is, our approach from a policy standpoint established and underway at that time. I think we were having some relatively minor tuning at that time.

Mr. GALLOWAY. Then obviously it was a management error for this policy decision not to have been communicated to the staff. Is that correct?

The staff clearly was of a view that the program was adrift.

Mr. MYERS. Certainly the people who put this briefing together must have felt there was additional guidelines that were required from us at that time.

Mr. GALLOWAY. A final question.

You referred a number of times today to the building guidelines. Am I correct that the Executive order called for these guidelines to be out by November 1, 1977?

Mr. MYERS. That is correct.

Mr. GALLOWAY. 1977?

Mr. MYERS. Right.

Mr. GALLOWAY. Thank you.

Thank you, Mr. Chairman.

Mr. MYERS. I might add that part of the problem that we were having on the guidelines was the issue of the passage of the NEA because it did affect the guidelines. This may be what they were referring to here, that is, the lack of direction.

Mr. MOFFETT. The Chair recognizes now the minority staff counsel, Ms. Sands.

Ms. SANDS. Thank you, Mr. Chairman.

Mr. Myers, on page 7 of your statement, you say that you are going to, and I quote: "Accelerate completion of technical surveys of buildings to identify energy conservation measures to the end of fiscal year 1982."

I am wondering how you plan on accomplishing this objective when you have so many other objectives which are behind sched-

ule? You only have a staff of four and a budget of \$400,000 within FEMP.

Mr. MYERS. Those activities which are important to the overall goals that we have, which is a 20-percent reduction in energy use in existing buildings by 1985 in retrofit, and a 45-percent reduction in energy in new buildings, will all be done by the agencies involved. They are not done by our staff.

Our staff are program directors and not the implementors of these programs.

The money that goes into these activities is the money that is in each of these departments. In DOE it amounts to \$14 million in 1978, \$25 million in 1979, and \$41 million in 1980, that we are requesting.

It is that kind of money that is used for the activities and not the money in the FEMP program specifically here.

So, these people on our staff here are only overall directors. That is the technique we use in management in the Department of Energy. We use program direction in headquarters and have the actual implementation within the organizations that are to implement the activities.

In our case, I mentioned the dollars involved. That actual money is spent by our administration division and not the FEMP program. The money that is for DOE's actual conservation efforts, which is the tremendous amount of money I quoted earlier, has been approved by OMB for conservation measures, and is actually managed by our administration division and not by the FEMP staff.

However, they are responsible to the FEMP program as program directors.

Ms. SANDS. Then you feel the budget and staffing is ample to coordinate and direct, as you say, the other agencies and in completing the objectives outlined for FEMP?

Mr. MYERS. I would not say ample. It is tight, but it is doable. It is a program which we believe can manage the FEMP objectives that we have.

Ms. SANDS. Mr. Myers, in response to one of the chairman's questions, you said you are working closely with OMB.

Could you please tell us what interaction your office has had with OMB regarding energy conservation with regard to the budgets of the various agencies and the review of the proposals for the budgets of fiscal year 1980?

Mr. MYERS. For 1980 we had a review with all of the assistant secretaries of the other eight agencies that are involved in the 656 Committee. We reviewed some aggressive and attractive programs that have been developed by DOD, NASA, and DOE. We have reviewed those for the other programs to give them ideas.

Ms. SANDS. With the other agencies?

Mr. MYERS. Yes.

Ms. SANDS. What about OMB?

Mr. MYERS. We always review our programs with OMB.

I have personally discussed at the level of our senior man over at OMB the idea of increasing the budgets for conservation for the other agencies.

I have personally intervened on the dollars involved in our budget at the time that I came into the agency because I felt it was far too low.

Ms. SANDS. Have you ever conveyed this to the FEMP staff?

Mr. MYERS. Yes, I am sure we have.

Ms. SANDS. I would like you to know that yesterday I asked the same question of the staff. They said they had had no interaction at all with OMB. I would like that to be on the record.

Mr. MYERS. But we do have interaction with OMB.

Ms. SANDS. Not on the review—I am just telling you what I was told yesterday.

Mr. MYERS. Maybe I am missing your question, then, because we certainly review with OMB our activities.

Ms. SANDS. I am not talking about the Department of Energy. I am talking about the energy conservation efforts that are within the other budgets of the other agencies.

Mr. MYERS. I have discussed this with our senior man in OMB. I could understand that our FEMP program may have not.

Ms. SANDS. Let me go into one last area.

Unfortunately, Mr. Chairman, I do not have copies, but I just received this this morning.

I will tell you what I have. It is an October 17, 1977, interim management directive. It is from the Department of Energy, approved by Secretary Schlesinger.

The subject of this memo is the DOE action, coordination, and tracking system. I believe it is referred to as ACTS.

Because of our problem of time, let me read what is outlined in the memo.

The purpose of this program is to provide "a tracking system of decisions needed or major milestones to be met on policy, regulatory, and certain program action assignments and commitments. The system will insure action assignments are prepared in a comprehensive, coordinated, and timely manner."

Continuing it says: "The policy and objectives of the system is used to coordinate and track action assignments. 'The applicability is that it' is applicable to all Department of Energy organizations."

Would you please tell me if all of the requirements throughout the various pieces of legislation and also the Executive order are on the ACTS system?

Mr. MYERS. Let me have Maxine Savitz respond to that. But let me say the ACTS system is a general tracking system for the Department of Energy. It covers every element of all the actions that are involved. It is a very active and a very important system to the tracking of all of our actions.

I would like to have Ms. Savitz answer specifically.

Ms. SAVITZ. We have Executive Order 12003 which is not specific on the ACTS system, but the guidelines for it are on it. We tie several pieces together, so each of the items that are mandated are on the ACTS system.

We can provide you with copies.

Ms. SANDS. Let us not just talk about the Executive order and the guidelines. What about the three pieces of legislation which are involved.

Ms. SAVITZ. The life cycle costs are in there, and the annual reports that are required are on the ACTS system.

Ms. SANDS. Maybe if you could formally provide that information for us for the record, it would be helpful.

It is my understanding that all the requirements are not in the system. providing this information would allow us to follow up on your accomplishments to a specific date. It is important that they be seen.

Ms. SAVITZ. The system is designed to look at what the requirements are for things to be published, or for deadlines to be met as opposed to tracking what has been accomplished.

So, these guidelines are on the system. Now we feed in final rules and the annual report that we submit to the President is there. This is in August. That is on the system. It is usually about a year in advance.

Ms. SANDS. If the chairman would agree, we would like to have those for our records.

Mr. MOFFETT. Without objection, that will be inserted in the record at this point.

So ordered.

[The material follows:]

TEN-YEAR PLAN ACTS DATE

There was no previous ACTS entry for development of the Federal 10-year buildings plan. However, work was begun soon after enactment of EPCA and a draft was prepared. This draft was held in abeyance first because of the issuance of Executive Order 12003 which required revisions, and then because of the expected enactment of the NEA. Once the provisions of the NEA became known in the fall of 1978, work was resumed in October on a new draft which would reflect these provisions.

Ms. SANDS. I happen to have in front of me the ACTS entry form for the 10-year building program, that is, the 10-year plan required under EPCA. I think Mr. Galloway mentioned this.

The EPCA was enacted December 1975, yet on the ACTS system, the starting assignment date for the 10-year plan is October 10, 1978.

Is this not a late starting date?

Ms. SAVITZ. Those dates are determined this way. This is determined by the NEA passage and are tied to when the guidelines were coming out. It was for that fiscal year.

I would have to go back and check, however. There could have been a previous ACTS entry that had been done.

Ms. SANDS. Would you check into that for me?

Ms. SAVITZ. Yes.

Ms. SANDS. Thank you.

Thank you, Mr. Chairman.

Mr. MOFFETT. You have been extremely patient today. We will be finishing up in a few moments. Let me tie up a few loose ends.

In preparation for this hearing I wanted to focus, to some extent, and have the staff focus on how far out front you are in terms of new techniques and future kinds of thinking with regard to what the Federal Government can do.

I came upon a book called, "Low Energy Strategy for the United Kingdom," which you may or may not be familiar with. I have looked, obviously, at a variety of other kinds of documents and books.

This book purports to show how the United Kingdom could have 50 years of prosperous economic material growth, and yet use less primary energy than it does today.

The author notes how campaigns such as the large scheme run by the Government's Property Service Agency, as they call it, have achieved average savings of 35 percent since 1972-73 with financial paybacks of well under a year.

I think that you would be a lot more comfortable sitting here today if you could point to the similar savings by our Government, or if the GSA could point to cost effective energy saving measures in Federal buildings that have achieved savings of between 30 percent and 50 percent.

It brings up the larger question of the extent to which you, as the Department of Energy's conservation chief have been in touch with new ideas and how you come in contact with those ideas.

I would very much appreciate, without deterring you from the job that we are all interested in having you do, but I think this would be productive to have you, within 2 weeks, to send us some innovations which are not in place, but which you are considering.

If you could provide that, it would be helpful. It does not have to be a lengthy treatise, but if you could give us an idea of some of the things you are seriously considering, we would appreciate it. Maybe these things might be utilized.

I am not just talking about techniques and those kinds of innovations, but have you considered issuing report cards? I wish Congressman Kostmayer was here since he is fond of those.

Have you considered issuing report cards for each agency each year? To what extent are you really looking at how we can conserve energy by amending Federal procurement policies?

Do you have, or have you considered vigorous kinds of driver training programs throughout the Federal Government, and so forth?

Mr. MYERS. Yes; we will certainly do that.

Mr. MOFFETT. Thank you.

Without objection, that will be inserted in the record at this point.

So ordered.

[The material follows:]

POSSIBLE FEMP INITIATIVES

ADMINISTRATIVE POLICY

- o Flowback provisions for retrofit savings
 - Let agencies keep part of money saved
 - Give incentive to think about the problem
- o Energy watch committee
 - Where are problems?
 - Are thermostats set at 65/80?
 - A forum for new ideas
 - Consider suggestions from Federal employees
- q Effects of environmental standards on energy use

CONSOLIDATED RESEARCH, TEST AND DEMONSTRATION
ACTIVITIES

- o Demonstration programs
 - an efficient hospital
 - low rent public housing
 - effect of tightening FHA standards in a given locality
 - the effect of a drivers training program
 - employee awareness program (sample kits, movies, brochures)
 - solar
 - gasohol
 - waste conversion
 - military housing retrofit
 - how to audit a residential and commercial building
- o Application of high technology in Federal Government when it may not be cost effective in private sector
 - fluidized bed technology
 - fuel cells

TRAINING

- o Driver training program
 - devise curriculum
 - issue regulations on attendance
- o Seminars
 - building managers
 - motor pool operators
 - maintenance engineers

BUILDINGS AND FACILITIES

o Building leasing

- use LCC and/or award factors as a factor in picking buildings

DOE MANAGEMENT

o DOE oversight of AGENCY programs

- disapprove "bad" plans
- direct TVA and DOE to include power generation consumption
- audit their programs
- veto or change investment levels
- direct "operational" changes such as no hot water in office buildings or parking space priorities
- require contingency plans for vigorous levels of energy consumption

o DOE comment to Congress on total U.S. Government retrofit budget

o DOE audit of agency FEMP programs

- sample their audits
- verify their numbers
- review their retrofit programs

o Conservation report card of U.S. Government

- annual report to Congress
- analyzing trends

o DOE report to Congress on Federal Program opportunities/barriers to energy conservation

- Post Office procurement of vehicles
- parking policies at national parks
- computation of low rent housing mortgages
- reporting utility costs on FHLB credit approval forms

MOTOR VEHICLE MANAGEMENT

- o Law Enforcement
 - "take home" policy: fuel vs. crime prevention
 - policing of large areas: border patrols
- o Transportation savings (in addition to driver training)
 - vehicle maintenance programs
 - speed governors for cars/trucks
 - light and heavy truck fuel efficiency levels
 - consolidate shuttle buses
- o Fuel economy levels (standards) for appliances higher than the National level
- o Development and application of light and heavy truck fuel efficiency levels
- o Vanpooling and carpooling
 - financing vanpooling
 - organizing
 - measuring results

PROCUREMENT POLICY

- o DOE report to Congress on procurement practices
 - use LCC concept rather than lowest first price
 - what legal and administrative barriers are in the way
 - separate GSA catalog for energy efficient devices

RESOURCE RECOVERY

- o Resource Recovery
 - tires
 - waste oil
 - rehab as opposed to scrap and purchase
 - paper

MAJOR ENERGY CONSUMPTION ACTIVITIES

- o Major energy consumption programs
 - uranium enrichment
 - wind tunnels
 - power generation
 - substitutes for training thru simulators or programmed instruction

INFORMATION DISSEMINATION

- o Information transfer to State, county and local governments
 - tell them what we know
 - ask them what they know
- o Management information system

Mr. MOFFETT. It would be helpful for you and your people to do that.

You see, I have already expressed my unhappiness with the attitude that seems to say that four people is enough to carry out this program. I am not a believer that if you suddenly have 20 people, it is going to be five times more effective. I am not saying you can throw money and people at these problems, but I cannot believe—and I think the record backs us up—that you are adequately and capably staffed on this.

Beyond that, however, let me say this. I am not focusing personally here on you, but this is your job.

Beyond that, I would like to think that you, as the Under Secretary, and as the conservation czar, could appear next week at a convention of school administrators or insurance executives or manufacturers or architects.

You could get up there and after you were done speaking, you walked out of that place, they would say: "Boy, this guy and his people really are serving as a model. We want to know more about what they are doing because they seem to be way out front on some of the conservation things."

That is clearly not the case. In fact, it is just the opposite. You would have to go to those conventions to find out what you need to do, based on my understanding, of some of the exciting things that I think we both agree are happening in the private sector.

We know you have other things to do. You have other jobs. You have a difficult job. I am not suggesting the impossible here, but I do not believe—and this is not an effort to find any scapegoats—that after 2 days of hearings that this is being highlighted as a top priority.

This is despite legislative intent, despite Presidential intent, and despite a lot of rhetoric to the contrary.

I would hope that you would leave here with a greater sense of urgency about this, not that I do not believe that you are genuinely disappointed. I think you are. You indicate that you are making improvements. We are encouraged by that.

But I would hope that you would review your own feelings and those of the Department and the higher ups in terms of the posi-

tion of this program and in terms of its priorities to see if you could make some changes.

Mr. MYERS. Mr. Chairman, we will give you a list of the new ideas that we are working on.

I do not think it is as bad as you view our aggressive nature in terms of new technologies.

We have a \$40 million program in industrial conservation activities, which is going on in R. & D. We are the leaders in new ideas that are being picked up by industry for some of the next phases, like in terms of 4 or 5 year paybacks.

It is those ideas that are being developed separately from this program.

Mr. MOFFETT. I understand.

Mr. MYERS. We hope to apply these to other elements of our DOE programs and the other parts of the Government.

We will give you a good list of these things.

Mr. MOFFETT. I want to thank you, not only for your appearance, but your patience and your cooperation with the subcommittee today.

We hope that our exchange here today has been helpful to both sides and that it will continue to be so.

Thank you very much.

The subcommittee stands adjourned.

[Additional material received for the hearings follows:]

PREPARED STATEMENT OF MYRON KAHN, PRESIDENT, POLARIZED CORPORATION OF AMERICA

Chairman Moffett, I am pleased your Subcommittee has permitted me to present a statement on the general subject of energy conservation and the specific problems our company has encountered with the Department of Energy. I trust my comments will be of assistance in your legislative oversight responsibility.

Polarized Corporation of America is one of a few small companies that has effectively penetrated the lighting industry which is dominated by a few very large and powerful corporations. My company produces light polarizing panels made of acrylic materials which can be installed in fluorescent lighting fixtures in most commercial, governmental, industrial and institutional buildings. The Ohio State University Institute for Research in Vision has scientifically proven that using polarized panels under lamps in place of existing prismatic panels, results in a substantial reduction of glare, improved contrast and vision, and most importantly it permits a significant reduction in the electric energy required for fluorescent lighting. As a matter of fact, it has been scientifically determined that polarization of lighting fixtures can result in energy savings of as much as 50 percent without diminishing visual capability. In addition, the payback on the investment of polarized panels is realized in less than one year. In other words, not only can polarized panels conserve energy but in addition they are extremely cost effective. If polarized lighting was used in all existing buildings of government and industry, the United States could conserve approximately 800,000 barrels of oil per day, or 5 billion dollars per year in energy cost.

Although I am President of the Polarized Corporation and interested in the success of our product, I am not providing this testimony for the purpose of product promotion. Instead, I am presenting this statement to assist the Committee in identifying where DOE needs additional authority and financial resources from Congress to develop a practical and necessary energy conservation program and also provide the Committee with a case example of one company's experience with the Department of Energy. I am aware of other companies that have had similar unfortunate experiences—especially smaller companies in the lighting industry, an industry that is dominated by large corporate conglomerates who have a total disregard for the energy problems confronting our nation and have put profits first and conservation of energy last.

It is my belief, after speaking with numerous officials from the Department of Energy, that DOE is looking for the "quick fix" to the energy crisis—looking for a

new source of energy that has not yet been discovered but once found will magically solve our energy problems, rather than taking the resources and knowledge that are presently available and using that information to solve our problems as best as possible on a daily basis. It seems that the Department of Energy must start to direct its attention to sound energy conservation programs and take a progressive and highly active role in providing leadership for the rest of the nation. However, I have been told by officials at the Department of Energy that they do not have the statutory authority nor the resources available to bring technological breakthroughs into the Federal Government's energy conservation program or even to disseminate such information to the general public.

Our problems with DOE became evident after they funded a scientific analysis of polarization with Lawrence Berkely Research Laboratory (LBL) at the University of California. LBL is a highly regarded and independent organization for scientific research. The study was undertaken to determine whether the use of polarizing panels for lighting systems could lead to a reduction in the consumption of energy used for lighting. Let me add that we were very pleased such a study was funded by DOE. However, the results of this study (June, 1978) were never released to the general public. We were able to obtain an "unofficial" copy of the report and I believe the Committee will find the results most interesting. I suggest the Committee request that DOE provide the executive summary of the LBL report for submission to the Committee record. The report verifies, and I quote from the report, that polarized lighting "could save one-fourth to one-third of the existing lighting energy depending upon whether the building has three lamp or four lamp fixtures. A reasonable estimate of the number of buildings which could delamp with polarizing panels is one-half to one-third. This leads to an estimate of the national energy savings in the office building sector of 25 percent. Other independent laboratory tests at Ohio State's University Institute for Research in Vision and the Light Research Laboratory, both independent and highly regarded laboratories, estimate the savings to be as much as 50 percent in existing facilities. As yet we have not received any explanation as to why these studies have not been released and we would appreciate any assistance the Committee could provide in releasing this information.

A second point of contention with the Department of Energy occurred when they approved and recommended lighting standards promulgated by the Illuminating Engineering Society and adopted by the American Society for Heating and Air Conditioning Engineers. These standards disregard the true energy savings potential and do not relate to the visual aspects of lighting. Yet it is the visual aspect of lighting that can effect energy conservation programs. Nevertheless, DOE is recommending these standards to state governments as one aspect of an energy conservation program to qualify states for Federal Government assistance. Mr. Chairman, it is my contention that the air conditioning engineers and those from the IES, whose technical committees are controlled by members representing major conglomerates in the lighting industry, have a vested interest in promoting the sale of more lamps, more heat, more air conditioning and thereby more energy—not less. This conflict is so apparent that I, along with others, have been asked by the FTC to testify on this matter. Also, polarization was omitted from the standards which do not relate to visual needs of lighting but were developed to preserve product position of those major influences which dominate the lighting industry.

In conclusion let me say that rather than be held captive to big business standards, DOE should employ its own resources to promulgate its own standards. In addition, DOE needs to be able to evaluate new technology and be able to disseminate such information to the general public. With existing resources DOE is presently unable to do so.

I thank the Committee for providing this opportunity for me to testify and I hope that positive action can be taken by the Subcommittee in helping DOE receive the necessary resources to meet its mission of developing an energy conservation program for the rest of the country to follow.

[Whereupon, at 12:15 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]

